Daily Report

Central Eurasia

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FBIS-SOV-95-149 *3 August 1995*

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ITAR-TASS Carries Press Review for 3 Aug

LD0308064995 Moscow ITAR-TASS in English 0638 GMT 3 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW August 3 (ITAR-TASS) - ROSSIYSKAYA GAZETA on relationships between the Centre and the provinces.

The newspaper carries an article by news analyst Aleksandr Batygin who points out that the natural transition of many power functions from the Centre to the regions has become a catalyst for the formation of new power elites at the local level. He wonders what provincial leaders think about Russia's future and what they intend to do for its prosperity.

Batygin believes that most people in Russia associate their hopes for stabilisation in the country and a continuation of the reform policy with the Russia Is Our Home movement.

ROSSIYSKAYA GAZETA on cultural projects and ravaged monuments.

The newspaper frontpages an article headlined "Paper Projects instead of Walls" by Irina Markina, an expert at the Russian Ministry of Culture, who points out that incredible funds are now spent on various grandious projects in the field of culture while the province and small towns get ravaged by time.

Markina observes with anguish that all large-scale projects to restore historical monuments of Russian architecture in actual fact have turned out to be just a fiction.

ROSSIYSKAYA GAZETA on the Moscow-St. Petersburg high-speed railway project.

The newspaper runs an article on the subject by Boris Khudoleyev under the rubric "The Project of the Century". The plans have given rise to keen polemics in the press of late. The ecological part of the project is being criticised most strongly. The article deals with various options for the railway, one of which envisages that part of the railway will run on a trestle, thereby keeping the environment unaffected.

IZVESTIYA on the state of affairs in Chechnya.

The newspaper points out that "the removal of Usman Imayev from the position of the delegation leader has complicated the talks on Chechnya."

Although the Chechnya Defence Committee, at a meeting presided over by Dzhokhar Dudayev, approved the agreement on military issues, the state of things still remains highly involved, Igor Rotar writes in a commentary.

Moscow representatives do not know for sure themselves who they conduct negotiations with while the Dudayev side is far from being united in its positions. The removal of Imayev from the condyct of the talks with Moscow, the IZVESTIA commentator believes, cannot be regarded as unexpected: Out of all other members of the Dudayev delegation, militants trusted the delegation leader least of all.

IZVESTIYA on split in the International Contact Group on Bosnia.

"The political demise of the International Contact Group on Bosnia can be regarded as an accomplished fact," writes international news analyst Konstantin Eggert. "The split among the Group participants is unlikely to be overcome".

Despite attempts by the Kremlin and the Russian Foreign Ministry to keep face, Moscow's humiliation has become evident to everyone, Eggert believes. The Contact Group-suggested plan has been the card which the prestige of Russian diplomacy was staked upon. By rejecting the plan, the Serbs have shown (regardless of nuances which differentiate the positions of Belgrade and Pale) their real attitude towards the Moscow benefactors, Eggert points out.

IZVESTIYA on the plight of refugees in ex-USSR.

The newspaper runs a big article containing documented accounts by people who fled flashpoints in the former Soviet Union and who have not been able to find refuge anywhere but the Chernobyl zone.

The stories about the plight of refugees have been collected by authoress Svetlana Alexiyevic from Belarus. "There are now two Russias: the one that lives within Russia proper, and the other one which has found itself outside time and place," Alexiyevich concludes.

TRUD on the need for a fair remuneration of labour.

The newspaper, while noting that the minimum American pay is 720 dollars while the Russian one is 12 USD, and the triple difference of prices, infers that the "minimum wage in Russia should have been 270 USD." There can be only one conclusion, namely, that Russia's economic advance can be promoted only by a radical reform of the wage system, with the minimum wage being in the core of it, the newspaper maintains.

SOVETSKAYA ROSSIYA on the subject of money.

In place of a leading article, the newspaper runs a literary essay by Professor Anatoliy Tille who points

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out that previously "we received wages and salaries regularly, and there was money for that, whereas now it is the 'new Russians' and thievish officials who batten on it".

PRAVDA Assails Western 'Maneuvers' Against CIS

MM0308092795 Moscow PRAVDA in Russian 1 Aug 95 p 3

[Article by Richard Ovinnikov: "Divide and Rule. The West's Aim Is To Break Up the CIS"]

[FBIS Translated Text] Such is the fate of one-sixth of the globe — when there are complications, external forces sharply step up their activity against it. Carrion crows are now circling once again over the vast post-Soviet area.

We see here a clash between two opposite trends. On the one hand, the peoples of the Russian Federation and the other CIS countries, having gotten over the euphoria of sovereignty, are becoming increasingly aware of fundamental common interests. The minimum of security and well-being that is absolutely essential to everyone involves a pooling of efforts. On the other hand, the Western powers, which have officially enrolled as our friends, are actually pursuing a quite different line. Its essence is that it is the West and not the states and peoples of the CIS that should have the decisive say on what will happen to the "Soviet legacy."

It is time to analyze the essence of these maneuvers around the Commonwealth.

Above all, we see a Western policy of edging Russia away from the other CIS members and isolating it from them. The British magazine THE ECONOMIST formulates the chief ploy in this respect as follows: "The West must make it clear what it expects of Russian foreign policy — that it avoids advancing some Monroe doctrine of its own in respect of the former Soviet republics." The fathers of this doctrine — the Americans — insist on this still more actively.

Meanwhile this doctrine, advanced by the U.S. president in 1823 and bearing his name, formulated the interests of the then young North American states in respect of the region contiguous with them as follows: It was stated that territories in the Western Hemisphere could not be regarded "as an object of future colonization by any European power." It was emphasized that external forces must not seek to "extend their system" to the American continent. In other words, this was a proclamation by the United States of its direct interest in secure surroundings and in the inadmissibility of foreign interference there.

The strange thing is that the Russian Federation is now flatly denied the right to have its own propitious, friendly surroundings. "Security in the former Soviet Union," the British political expert T. Taylor writes, "must not be deemed the responsibility of Russia alone." In his opinion, "the West should not recognize the legitimacy" of peacekeeping operations conducted there "on the initiative of a few CIS members." An original turn. It turns out that the United States can continue regarding the entire Western Hemisphere as its zone of influence. Britain, which lost the British Empire but reassembled it under the auspices of its own Commonwealth, is allowed the same. France, say, is also permitted to gather its former colonies into the Francophone community. Such a thing is forbidden to the Russian Federation alone: Its ambitions, you see, are imperial. This clearly shows an obvious prejudice, if not hostility, toward Russia's legitimate interests along its immediate perimeter.

The second area in which the Western powers seek to make an impact on the CIS' future is in preventing the Commonwealth's consolidation by setting its members against one another.

The initiative with regard to restoring ties with the Russian Federation frequently comes from other CIS countries. This displeases the West — above all, on the other side of the ocean — and it starts to lecture them. Thus, the presidential elections in Belarus and Ukraine last year were held under the sign of statements by A. Lukashenka and L. Kuchma on the need for rapprochement with Russia. In this connection the U.S. TIME magazine was not ashamed to present that as a short-sighted stance.

The provocative fanning of anti-Russian sentiments in other Commonwealth countries and the portrayal of Russia as a bugaboo constitute the main means of trying to disunite the CIS. This is done by means of shameless cheating. Strong-arm, aggressive aspirations are ascribed to forces in the Russian Federation which advocate the reintegration of the post-Soviet area on a voluntary basis, by political and economic means. Western, particularly U.S. political circles, try their hardest to depict matters as though Russia cherishes annexationist plans in respect of Ukraine, Kazakhstan, and other CIS and Baltic countries.

The policy of shaking and loosening the Commonwealth in every possible way is also pursued by other means. Z. Brzezinski continues to be most active on this plane. He is the author of the idea of fanning "geopolitical pluralism" within the CIS and also of giving the Commonwealth members U.S. incentive "guarantees" of perpetuated isolation.

But both edging Russia out of the CIS and trying to divide its members are just intermediate stages. The

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West's ultimate aim is to achieve its own full-scale introduction into the Russian Federation's immediate surroundings and then separate them off.

The Westerners' appetites in respect of the Commonwealth are sometimes simply insolent. In the book "Russia 2010, and What It Means for the World" the U.S. political experts D. Yergin and T. Gustafson frankly state the following: The Western powers and the United States above all are full of determination to "be involved in critical questions relating to the countries neighboring" the Russian Federation. They also declare that the future of the CIS will even be "the most dangerous aspect of the next 20 years... in Russia's relations with the West." If evidence were needed that Russia is being unceremoniously warned not to hinder the West's pressure on the CIS, this is it.

How specifically does the West plan to "assimilate" Russia's near surroundings? A clear idea of this is provided by the book "European Security and the Former Soviet Union," published last year. According to this source, the "central role" in ensuring security in the CIS must be given primarily to "the international community" in the form of organizations such as NATO, the European Union, the Organization for Security and Cooperation in Europe, and the United Nations. Through them a "regime" will be worked out for the CIS with special "limitations on the Russians'" permissible behavior."

Special provision is made for the use of the 1990-1992 agreements with the USSR and Russia on the reduction of arms and armed forces in Europe for the advancement of Western interests in the CIS. In particular, the West intends to seek to unilaterally increase the "transparency" of all the military structures in the Commonwealth. It will also work to lower, compared with the agreed levels, the levels of armaments of those CIS countries which, in the West's opinion, have "more arms than they need." Conversely, it wants to allow those of them which it says should "strengthen their positions" (in the face of Russia) to increase their level of armament — Ukraine first and foremost.

Further, the West is being recommended to actively develop "cooperative relations" with other CIS members apart from Russia. On the other hand, the approach is different in respect of the Russian Federation itself: It is necessary to "support the Western alliance for... a response if Russia... turns back to a foreign policy of intimidation and expansionism." In other words, the West is portrayed as the best friend of other CIS countries, and Russia as their worst enemy, restrained only by the loving West.

To these anti-Russian principles in the political and military sphere should be added one more. Even in the purely economic sphere the West's approach to the other CIS members is of an equally odious nature. An example: During a recent tour of seven Commonwealth countries B. White, U.S. deputy secretary of energy, publicly urged them to "think of themselves as important future oil-extracting countries and of Russia and Iran as competitors." The U.S. ambassador in Kazakhstan in turn openly urges that country to gear itself to routes for sending oil abroad which would be alternatives to the Russian routes. The underlying reason behind such agitation is primitively mercenary. Foreign experts have concluded that Western companies interested in sources of raw materials long ago reached the conclusion that they should buy them up on the spot: In the disparate CIS countries this is the quickest and most effective way of getting their hands on them.

There is another aspect of this policy which has to be mentioned. It is itself part of their much farther-reaching anti-Russian plans. The West's stubborn desire to draw Russia into complications in the Commonwealth is not an end in itself. "It is perfectly possible," the aforementioned Yergin and Gustafson write in this connection, "that events in the east and the south will divert Russia's attention from its western borders." The very borders, let us remind you, toward which it is planned to draw up NATO combat formations.

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Official Reaction to Congress Lifting Bosnia Embargo

Kozyrev: Decision 'Counterproductive'

LD0208175295 Moscow INTERFAX in English 1737 GMT 2 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] KUWAIT, Aug 2 (Interfax) — Russian Foreign Minister Andrey Kozyrev has condemned the decision taken by the U.S. Senate and House of Representatives to lift the arms embargo on the Bosnian Muslims. He was speaking in an exclusive interview with Interfax special correspondent Igor Porshnev in Kuwait Wednesday.

Kozyrev called the decision counterproductive and expressed the hope that the Clinton administration will use all the levers it has to block the move.

The Foreign Minister noted that the White House is against lifting the embargo because it could lead to an escalation of the Bosnian conflict.

However, Kozyrev expressed the regret that, as his Tuesday meeting in Brunei with U.S. Secretary of State Warren Christopher demonstrated, Washington is reluctant to support the plan proposed by Carl Bildt.

Bildt, the European Union co-chairman of the international conference on former Yugoslavia, proposed a plan providing for a long-term suspension of sanctions against Belgrade in exchange for its recognition of Bosnia-Herzegovina.

Kozyrev said the plan offered a way out of the present hopeless situation. "We proceed from one crisis in Bosnia to another. First it was Srebrenica, then Zepa, then Gorazde which we managed to defend, now it is Bihac. It is time to put an end to it. The Bildt plan provides such an opportunity," said the Russian Foreign Minister.

Decision 'No Reason for Panic'

LD0208175795 Moscow INTERFAX in English 1739 GMT 2 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 2 (Interfax) — Moscow categorically objects to the lifting of the embargo on arms supplies to Bosnia; nevertheless it believes that the relevant decision taken by the U.S. Congress "is no reason for panic," a high-ranking member of Russia's Foreign Ministry told Interfax on Wednesday.

Tuesday night the House of Representatives of the U.S. Congress voted for unilaterally lifting the embargo on arms supplies to Bosnia. Last week a similar decision was taken by the upper house of the U.S. Congress.

As the Russian diplomat explained, "a complicated system of deterring factors" lies on the road of carrying out that decision. "Moscow proceeds from the assumption that the draft bill on lifting the arms embargo can begin to be implemented in real terms only by the late autumn. Moreover, it is possible to procrastinate its implementation endlessly," he pointed out.

The diplomat dodged a direct reply to the question concerning the possibility of Russia's unilateral withdrawal from the regime of international sanctions against Belgrade, if the embargo on arms supplies to Bosnian Muslims is lifted.

Russia's State Duma "approved the corresponding draft bill at second reading," the source said. "From the political point of view the step taken by Russia was wrong and extremely counterproductive," he stressed.

The diplomat said he believed that such a decision would not do any real good and would only lead to confrontation between Moscow and Washington as well as provoke further escalation of the Bosnian conflict.

With regards to the situation in Bosnia, the diplomat said the most difficult problem was that related to Croatia's actions towards Knin. "The recent moves of Zagreb prove that preparations for an offensive on the capital of Serb Krajina are underway," he said.

The diplomat said the implementation of these plans would mean unleashing a wide-scale war.

Move Called Bosnia 'Morale Booster'

MM0208145895 Moscow IZVESTIYA in Russian 2 Aug 95 p 3

[Report by Vladimir Nadein: "U.S. Congress Gives Bosnian Muslims Moral Support by Voting To Lift Arms Embargo"]

[FBIS Translated Text] Washington — U.S. President Bill Clinton's appeal for the House of Representatives not to lift the Bosnia arms embargo has gone unanswered. On Tuesday [1 August] the legislators in the lower house of Congress obliged the President by 298 votes to 128 to end U.S. involvement in that embargo.

Late last week a similar decision was adopted by the U.S. Senate. A total of 69 senators voted in favor of lifting the ban on arms shipments to Bosnia,

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while 29 senators voted "against" in support of the administration's position.

Immediately after the vote in the House of Representatives a White House spokesman confirmed the President's intention of vetoing the congressional decision. The impressive voting margin enables the legislators to overturn the presidential veto by a two-thirds majority. That has not, however, prevented the White House from expressing confidence that Congress will not overturn the veto.

The mood against the embargo has been growing stronger in the United States for a long time now. Comparing events in Bosnia with the systematic extermination of the Jews during World War II, those in favor of lifting the embargo are insisting on the Serb Muslims' right to defend themselves. However, the UN embargo decision applied not only to Bosnia but to all the countries of the former Yugoslavia. By opposing it the United States is opening the way to the arming of all parties to the Balkan conflict.

Even if the presidential veto is unsuccessful, the result of the embargo vote is hardly going to translate into immediate U.S. arms shipments to Bosnia. The Muslims have no money to buy tanks and aircraft, and opening a line of budget funding is a long and difficult process. The Bosnians already have quite enough light weapons — their coreligionists in Iran and Turkey have made efforts here. Vice President Al Gore has already warned the Bosnian Government that the Muslims should not count on U.S. shipments.

According to a number of observers, the Congress' position can only be of importance for Sarajevo as a morale booster. The House decision contains provisos nullifying the practical significance of the representatives' action. They have decreed that the President must lift the embargo if the UN armed forces leave Bosnia or within 12 weeks of the Bosnian Government's asking them to leave.

The vote in Congress is viewed by some people as a gesture of despair. It is becoming increasingly clear that the Bosnian Serbs are not the only ones disturbing the peace in the region. The recent conclusions drawn by the French military that snipers from the Bosnian security services were firing on their own citizens with a view to provoking international indignation are blurring the black-and-white notions regarding those responsible for the Balkan tragedy. An article in THE NEW YORK TIMES published on Tuesday leaves no doubt as to top Bosnian Army circles' involvement in shooting at civilians in Sarajevo.

The U.S. President has 10 days, excluding Sunday, to formally publish his veto.

Daily Laments Croatian Role in Bosnia Conflict

MM0208172595 Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 95 p 6

[Article by Anatoliy Shapovalov: "Croatia in the Orbit of Conflict"]

[FBIS Translated Text] So the event whose outcome nobody doubted has happened. On Tuesday night the U.S. Congress House of Representatives came out in favor, by a majority of votes, of unilaterally lifting the embargo on weapons deliveries to Bosnia. Earlier, let me remind you, the Senate had taken the same position.

The U.S. President, although he was not expecting any better, was nonetheless disappointed in the results of the vote in the House of Representatives. In his opinion this is the wrong step, taken at the wrong time. Bill Clinton has again promised to veto the bill. The unilateral lifting of the embargo will lead to the withdrawal of UN forces from Bosnia, force the United States to send troops to the conflict zone to help evacuate the UN peacekeepers, and provoke a split in NATO. In the words of the White House press secretary, now is not the time to Americanize the conflict.

The situation has indeed deteriorated, and not only in Bosnia, but throughout former Yugoslavia. Croatia, intervening in the Bosnian conflict, has launched combat operations, claiming that it is trying to alleviate the pressure on Bihac. After inflicting a major defeat on the Bosnian and Krajina Serbs in the region of the city of Glamoc and Bosansko-Grahovo, its troops began to shell the village of Strmica, from where there is a direct route to Knin — capital of the self-proclaimed Serbian Krajina. According to analysts' assessments, it is here that Croatia will concentrate its strike, having considerably improved the level of equipment of its army over the past year.

The Bosnian Serbs' command, aware of the critical nature of the situation that has arisen, is certainly preparing to inflict a counterstrike and regain the cities lost over the past week.

The situation, in the view of the French newspaper LIBERATION, is not as confused as it first seems. It should not be forgotten that the conflict in the former Yugoslavia consists first and foremost in the confrontation between Serbs and Croats. That explains today's fighting in Bihac. It was not from magnanimity that the Croatian army set about defending that Muslim enclave. Its fall would be a real disaster for Zagreb, because it would enable the Bosnian Serbs to establish

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a territorial link with their brothers in Croatia, still further strengthening the latters' desire for separation. Military intervention by the Croats could temporarily alleviate the situation of the Muslim defenders of Bihac. However, the problem is that now combat operations could be resumed in Croatia itself. Zagreb could try to subjugate the "self-proclaimed Serbian Krajina." But if that happens, nobody knows how the Yugoslav army would act — analysts describe it as a sleeping giant.

Let us remember that the UN Security Council rejected Russia's call for Croatia to be censured for military operations against the Croatian and Bosnian Serbs in western Bosnia, calling on all sides in the conflict to show the utmost restraint and to stop fighting. But, alas, yesterday morning Croatian combat aircraft carried out a bombing raid on the he village of Strmica.

Bosnia Contact Group Split Called 'Humiliation'

MM0208141495 Moscow IZVESTIYA in Russian 3 Aug 95 p 3

[Article by Konstantin Eggert: "Yugoslav Watershed Between Russia and West"]

[FBIS Translated Text] The political death of the international Contact Group on Bosnia can be regarded as a fait accompli. The split between its participants is hardly likely to be overcome.

The United States and Germany on one side, Russia on the other, Britain and France in the middle. That is how the distribution of forces could be outlined. Washington and Bonn prefer strong pressure on the Serbs, including military actions. Paris and London, whose contingents make up almost half of the UN forces in the former Yugoslavia, realize that the Serb aggression cannot be stopped without armed intervention. However, both Jacques Chirac and especially John Major are forced to keep one eye on public opinion, which, according to their assessments, is not quite ready to tolerate the casualties among their own servicemen that would be inevitable in that case.

That is why additional consultations were requested between the U.S. State Department and the foreign policy departments of the European Union after Carl Bildt, EU mediator at the talks on the former Yugoslavia, put forward a new plan. According to that plan, UN sanctions against Belgrade would be substantially relaxed in the event of mutual diplomatic recognition by Bosnia and the Federal Republic of Yugoslavia. America was skeptical about this idea. Maybe because Moscow had already made similar attempts to influence Serbian President Slobodan Milosevic. But the appearance on the horizon of the figure of the former Swedish prime minister, who enjoys a reputation as an impartial politician, is notable in itself. The West has acquired another channel of communications with the Serbs, so the need for the Kremlin's services is declining all the time.

The Bosnia crisis appears to have finally put paid to liberal trends in Russian foreign policy, making it subject to the increasingly isolationist and anti-Western line of the predominant section of the political elite. It is customary to take the view that the problems arose after Moscow joined in the UN sanctions against Yugoslavia in May 1992. According to the advocates of an "enlightened strong-state" policy, that was when Russia lost control of events.

In fact the ability to influence Balkan events disappeared when, under pressure from the nationalist lobby, it was decided to sacrifice solidarity with the world community for the sake of an artificially constructed "independent foreign policy." This step was all the more erroneous in that Russia's assumed role of defender of the Serbs is clearly beyond its powers by virtue of the absence of real levers for influencing Belgrade and Pale. Today the position of Moscow and of Andrey Kozyrev is unenviable: It is necessary literally to beg for concessions from Milosevic and Karadzic.

At the same time the state mass media are covering the conflict in the former Yugoslavia increasingly one-sidedly. The latest example: In the evening of 1 August Russian Television reported that Croatian aircraft had carried out bombings of Serbian positions, and that it was only in response to this that the Krajina Serbs' planes struck at Croatian forces. This information was refuted at the Russian Embassy in Zagreb. "I can state quite authoritatively that the reports on Croatian air strikes are disinformation," Ambassador Leonid Kerest-edzhiyants told IZVESTIYA. "According to information from the UN command, no Croatian planes took off."

Despite attempts by the Kremlin and Smolensk Square to save face, Moscow's humiliation has become obvious to all. The Contact Group plan was the card on which the prestige of Russian diplomacy was staked. By rejecting it, the Serbs (irrespective of the nuances distinguishing Belgrade's position from Pale's) revealed their real attitude to their Moscow benefactors.

Continued Reportage on Kozyrev Visit to Kuwait

Favors Reconvening Contact Group

LD0308085495 Moscow INTERFAX in English 0421 GMT 3 Aug 95

[FBIS Transcribed Text] KUWAIT, Aug 2 (Interfax) — Moscow will back Paris's proposal to reconvene the foreign ministers of the member countries of the Contact

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Group for Bosnia, Russian Foreign Minister Andrey Kozyrev said Wednesday.

Russia will support any initiative that may bring forward a settlement in Bosnia, Kozyrev told Interfax in an exclusive interview.

The Contact Group members are Russia, the United States, France, Britain and Germany.

Kuwait Seeks To Develop Military Ties

LD0208201295 Moscow INTERFAX in English 1739 GMT 2 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] KUWAIT, Aug 2 (Interfax) — Kuwait is interested in developing military cooperation with Russia, Kuwaiti Foreign Minister Shaykh Sabah al-Ahmad told Interfax in Kuwait on Wednesday.

According to the minister, military and technical cooperation between the two countries was "successfully developing on the basis of agreements already signed."

The minister declined to specify the kinds of weapons his country was going to purchase from Russia. At the same time, he made it clear that Russia will not be Kuwait's only partner in the military field. "Kuwait will purchase arms in other countries as well," he added.

The minister thanked Moscow for its stance in the Iraqi invasion in Kuwait and its efforts towards post-crisis settlement in the Gulf.

Kozyrev, Amir View Closer Ties

LD0208141795 Moscow ITAR-TASS in English 1324 GMT 2 Aug 95

[By Viktor Lebedev and Viktor Khrekov]

[FBIS Transcribed Text] Kuwait, August 2 (Itar-Tass) — Russian foreign minister Andrey Kozyrev has handed in a personal message from the Russian President Boris Yeltsin to the president of Kuwait [Amir] Jabir al-Sabah today.

During the meeting with the Russian foreign minister, who arrived in the Kuwaiti capital today on a one-day working visit, Shaykh al-Sabah said the Kuwaiti people would never forget Russia's contribution to the liberation of Kuwait from the Iraqi occupation and said words of gratitude addressed to the Russian president.

Kozyrev told Tass that Kuwait is one of Russia's partners who withstood the test of time and that Russia intends to maintain active contacts with Kuwait in future. "Russia is on the side of Kuwait and we shall not allow its borders to be violated. Russia's and Kuwait's positions fully coincide — we seek to attain reliable and long-term bilateral cooperation," Kozyrev said.

Grigoriy Karasin, director of the Information and Press department of the Russian Foreign Ministry, told journalists that during the meeting between Kozyrev and the Kuwaiti president problems were discussed pertaining to the fulfillment by Iraq of all resolutions passed by the U.N. Security Council connected with the Kuwaiti crisis and the release of Kuwaiti prisoners of war. The sides discussed prospects for bilateral economic cooperation, in particular, in the sphere of Kuwaiti investments into the Russian economy in light of last year's visit to Kuwait by the Russian Prime Minister Viktor Chernomyrdin and a possibility of cooperation between the two sides in the military-technical sphere.

Jabir al-Sabah came out for firm, well-considered steps in the sphere of economic cooperation with Russia on the basis of clear-cut investment policies, Karasin said.

Yeltsin Appeals to Iraq on POW's

LD0208135995 Moscow INTERFAX in English 1159 GMT 2 Aug 95

[FBIS Transcribed Text] KUWAIT, Aug 2 (Interfax) — Russian President Boris Yeltsin has asked Iraqi President Saddam Husayn to step up the search for Kuwaiti citizens missing after the Iraqi aggression against Kuwait, Russian Deputy Foreign Minister Viktor Posovalyuk told Interfax in an interview in Kuwait today.

He said this was the key subject at the meeting between Russian Foreign Minister Andrey Kozyrev and Kuwaiti Amir Jabir al-Sabah in Kuwait today.

According to Posovalyuk, Kozyrev reassured the Kuwaiti leader that Russia would continue to contribute to the investigation into the fate of missing Kuwaiti citizens.

Kozyrev also confirmed Russia's position in favor of Iraq fully and unconditionally implementing all resolutions of the U.N. security Council for post-crisis settlement in the Persian Gulf.

Posovalyuk said the issue of lifting sanctions against Baghdad had not been raised at the meeting.

He said the Russian foreign minister and the Kuwaiti leader had discussed issues concerning military-and-technical cooperation. Posovalyuk said Kuwait had already shown interest in buying Russian military equipment.

However, he declined to elaborate on the purchase, saying that the subject was confidential. "I can only say

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that large contracts are being discussed," Posovalyuk said.

Indian Foreign Minister Arrives in Moscow on Visit

LD0308063795 Moscow ITAR-TASS World Service in Russian 0542 GMT 3 Aug 95

[By ITAR-TASS diplomatic correspondent Andrey Kirillov]

[FBIS Translated Text] Moscow, 3 Aug (ITAR-TASS) — Pranab Mukherjee, India's minister of external affairs, arrived on a three-day official visit to Russia today. He is to meet Viktor Chernomyrdin, chairman of the Russian Federation government today. Talks are scheduled with Russian Foreign Minister Andrey Kozyrev on Friday [4 August].

According to information from diplomatic sources, during the visit the prospects for the development of Russian-Indian political, trade, and economic and military technical cooperation will be discussed. The sides are also going to touch upon a number of international and regional topics, including the problems of the Bosnian conflict and a settlement in the Middle East.

Although there was a marked decline in bilateral trade after the disintegration of the Soviet Union, business circles in both countries are now striving to restore the former partnership in the new conditions. In the current year there are plans to double the volume of import and export operations compared with 1991 and to bring them up to 1.6 billion dollars. Pranab Mukherjee intends, in particular, to discuss ways of implementing major joint projects with regard to the construction of a new sea port terminal in Novorossiysk and erecting the second part of an "Intourist" hotel complex in Novgorod.

According to Russian and Indian diplomats, during the visit they will talk about joint space research for peaceful purposes. India has also demonstrated an interest in getting the joint production of weapons and combat equipment going, in particular, that of the Su-30BK fighter-bomber.

No Sale of Missile Technology to Delhi

LD0208200595 Moscow INTERFAX in English 1740 GMT 2 Aug 95

[Report by Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 2 (Interfax) — Russia will not sell missile technologies to India, but in compensation it will provide several cryogenic boosters to put satellites in space, a deputy head of the Asia Department of the Russian Ministry of Foreign Economic Relations, Aleksandr Belikov said on Wednesday [2 August].

Belikov promised that the boosters would be sold through the Russian space authority, Glavkosmos. "This question had been settled long ago", Belikov said.

He said that in 1995-1996 military hardware would account for the bulk of Russia's export to India.

"India already has our proposals for further supplies of military products worth $2 billion," Belikov said.

He recalled that last year "special equipment" constituted 45% of Russia's export to India.

Belikov said that India would supply Russia on a long-term basis with four goods: tobacco, tea, soya and medicines.

"Those goods would be supplied in payment of India's state debt to Russia", the expert said.

Belikov added that a mechanism of India's repaying its debt to Russia had already been developed. According to an intergovernmental accord, India will annually pay Russia $800 to $900 million. Russian companies will be able to use a part of the money to purchase Indian goods, while the rest will be invested in joint projects.

Belikov said the priority will be given to projects involving upgrade and maintenance of India's metallurgic enterprises, construction of energy installations and chemical plants.

According to the ministry, the bilateral trade turnover in 1994 rose by 17% against 1993 to reach $1.3 billion and is expected to grow by another 50% by 1997.

Black Sea Fleet Rejects Ukrainian Accusations

LD0308103895 Moscow ITAR-TASS in English 0940 GMT 3 Aug 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] MOSCOW August 3 (Itar-Tass) — The press centre of the disputed Black Sea Fleet denied Thursday the Ukrainian accusations that its commander Eduard Baltin was undermining the agreed Russian-Ukrainian agreements on the fleet division, said the Ukrainian navy was misinforming official Kiev and blamed the latter for attempts to disrupt negotiations on the fleet future.

The Ukrainian Foreign Ministry sent a note of protest to Russia against what it said was "the destructive role (of Baltin) in Russian-Ukrainian relations" because his reported statement that "the Black Sea Fleet was, is and

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will remain Russian contradicts the spirit of the Sochi agreements" on the fleet division.

Baltin was also blamed for denying an invitation to the Ukrainian navy commander Vladimir Bezkorovainy to attend the celebrations of the Navy Day in Sevastopol, the main base of the fleet. But the press centre said Bezkorovainy did not arrive to the naval base because he had to attend the joint Ukrainian-U.S. military exercises.

The fleet's press centre fired back by saying that "there is an impression that official Kiev is looking for any pretext to disrupt the talks on the fate of the fleet" and said it "regrets that the anti-fleet campaign aimed, mostly, at discrediting its command has paramounted on the eve of the next round of Russian-Ukrainian talks on the Black Sea fleet (division)".

In his speech during the Navy Day Baltin expressed conviction that "the fleet will not be an apple of discord between the two fraternal peoples, but on the contrary, a linking unit", the press centre said in a statement received by Tass.

It blamed the Ukrainian Navy for misinformation saying the command of the Black Sea Fleet "had several occasions to get convinced that the Ukrainian government does not always receive reliable and verified information from Sevastopol because of an extremely high level of political independence of the leadership of the Ukrainian navy".

It added that all the necessary conditions had been created for the Ukrainian participation in the Navy Day festivities in Sevastopol and said the holiday was attended by Ukrainian Interior Minister Yuriy Kravchenko, Security Service chief Vladimir Radchenko, Ground Forces commander Vasiliy Sobkov, Kiev Mayor Leonid Kosakovsky and other senior officials.

Admiral Claims Black Sea Fleet Needs Three Bases

LD0208121095 Moscow INTERFAX in English 0910 GMT 2 Aug 95

[FBIS Transcribed Text] SEVASTOPOL, Aug 2 (Interfax) — In order to protect Russia's national interests on its southern boundaries Russia's Black Sea Fleet should use not less than three bases. Admiral Eduard Baltin, commander of Russia's Black Sea Fleet, expressed this opinion in an interview with Interfax.

However, in contrast to Moscow's official proposals he believes that these bases should be deployed in Sevastopol, Donuzlav, and Feodosiya. In his opinion, the Black Sea Fleet can leave the base in Kerch. However, he believes that it would be erroneous to hand over the most modern naval base in Donuzlav to Ukraine's Navy.

The base of Donuzlav (140 kilometers to the north-west from Sevastopol) was built in the middle of the seventies as the Fleet's reserve command point.

At the negotiations on the Black Sea Fleet division Moscow proposed to Kiev to use this base as an alternative to Sevastopol.

Earlier in an interview with Interfax Admiral Feliks Gromov, commander-in-chief of Russia's Navy, did not rule out possibility to transfer Donuzlav to Ukraine.

Sources close to the Black Sea Fleet headquarters reported to Interfax that the Black Sea Fleet command has already received an order to disband the base and to transfer it to Ukraine's Navy.

Proposals on Black Sea Fleet Division Submitted

LD0208121995 Moscow INTERFAX in English 0910 GMT 2 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 2 (Interfax) — Well informed sources in Moscow told Interfax about Moscow's proposals to Kiev regarding the Black Sea Fleet division. Earlier Russia's Deputy Defense Minister Sergey Krylov handed over these proposals to the Ukrainian party. Moscow's proposals are draft supplements to the agreements on the principles of the Black Sea Fleet division and on the status of Russia's Black Sea Fleet on Ukraine's territory.

In line with the Russian documents the major base of Russia's Black Sea Fleet with its headquarters will be stationed in Sevastopol. In addition, the Russian Fleet will use military sites and facilities in Feodosiya (the military test center, the infrastructure for the divisions of surface ships and submarines) and in Kerch (the infrastructure of the division ships under construction and under repair).

Moscow plans to use the aerodrome of Gvardeiskoye (near the populated center of Bakhchisaray) and Oktyabrskoye before the end of 1996 and the existing sites for the stationing of the coastal guard division (until its disbandment).

The Russian draft enumerates several more small sites on Crimea's territory.

Russian and Ukrainian Presidents Boris Yeltsin and Leonid Kuchma signed an agreement on separate stationing of the Russian Black Sea Fleet and Ukraine's Navy on June 9 in Sochi. The document says that the Fleet will be divided on a 50 to 50 basis. A part of Ukraine's share will be also handed over to Russia, thus

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Russia will receive 81.7% and Ukraine-18.3% of the present composition of the Black Sea Fleet.

Russia's Future Stance on NATO Viewed

MK0208103495 Moscow MOSKOVSKAYA PRAVDA in Russian 2 Aug 95 p 9

[Article by MOYA GAZETA Chief Editor Andranik Migranyan: "Russia and NATO"]

[FBIS Translated Text] The course of events in ex-Yugoslavia and the activism in this region of the North Atlantic Alliance, which has deployed several thousand men from its rapid reaction forces, once again raises to its full height the question of the nature of Russia-NATO relationships in insuring European security.

Unfortunately, the initiative in determining these relations has been in the hands of our Western partners for several years now. Through a whole series of steps, NATO-member countries not only put to rest the question of the disbandment of this organization, but they have gotten the world community to recognize that NATO, as a military structure, is able to maintain security in the world after the end of the Cold War.

In the case of the military conflict in Yugoslavia, they have in fact secured a widening of the "zone of responsibility" of the alliance and, via the "Partnership For Peace" program, they also secured NATO's eastward expansion up to the borders of the ex-USSR and the de facto transformation of this organization into the sole institution for European security. Russia has been unable to date to elaborate a consistent and understandable line of conduct toward this organization, which is largely the reason for the many zigzags in this area of key importance for its foreign and defense policy.

This policy has been oscillating within too broad a band: from the demands to disband NATO to the desire to join that organization as a full-fledged member. It is absolutely obvious today that Russia will not succeed in the short term in either having NATO disbanded or joining this organization. At the same time it would be hardly possible to turn the Organization for Security and Cooperation in Europe (OSCE), where Russian is a full-fledged member, into an alternative to NATO. This organization is too amorphous, it has too many member-countries and its interests are too diverse to be able on the basis of consensus to come to an agreement on disputed questions.

Proposals to create a Security Council of the great powers within the OSCE's framework are doomed to failure by the stance of Europe's smaller countries, which already feel hurt within the framework of the UN, where permanent members of the Security Council have the right of veto.

Thus Russia's policy and its efforts to turn the OSCE into the pillar of European security are hardly promising — although I, like a number of other analysts, had such illusions. One should drop such illusions and formulate at last a realistic line of conduct toward the North Atlantic Alliance proceeding from the fact that this is indeed the only multilateral structure for European security in the near future.

In my view, Russia's stance in shaping its relations with NATO should boil down to the following.

First, recognizing the role of this organization and the legitimacy of its existence, Russia, at the same time, should under no circumstances agree with the idea of NATO's expansion to the East. Having no right of veto, Russia should not give the green light to the expansion process, placing thereby the entire responsibility for making decisions on this rather delicate question on each member of the alliance.

Second, one should stop expending useless efforts on turning the OSCE into a structure for a European security alternative to NATO. At this stage and owing to many objective and subjective reasons, these efforts are doomed to endless and fruitless discussions without the desired result.

Third, since the "Partnership For Peace" program has proven for Eastern European countries to be a step toward expanding NATO, Russia cannot be interested in its continued participation in whatever form in this program.

Fourth, and most importantly, Russia should offer, in my view, a realistic program for future European security, which is being formed with great difficulty before our eyes but which has not yet become part of a recognized strategic line in the sphere of security.

I have in mind a setup of NATO+Russia (16+Russia) as the basis for a European security structure whose elements are already being formed with Russia's interaction with Brussels in the settlement of crises on the territory of ex-Yugoslavia. We are not happy with everything in this interaction. Leaving out the West's stance on the question of Yugoslavia, one should point out that our interests are largely not being taken into account or are being ignored, not through the West's ill will or that of the North Atlantic Alliance but because we have not been able to elaborate a clear stance on NATO, on the nature of Russia's relations with this organization, and on the architectonics of a European security system.

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Which is why we are coming up in these matters against endless improvisations by our interested ministries and departments. If the suggested NATO+Russia (16+Russia) setup is really no serious alternative for the nucleus of a future European security system, the Russian Federation foreign and defense ministries should be required to come up, within the shortest time, with an agreed and detailed program for Russia's interaction with NATO. This is all the more important in order that our country's principled stance against NATO expansion to the east should not be construed as Russia's unwillingness to cooperate with NATO generally or, even worse, as a desire to cause a new spiral of confrontation between Russia and the West.

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Political Issues

Commentary on Chechen Peace Negotiations

Chernomyrdin Confident of Success

LD0208151295 Moscow ITAR-TASS World Service in Russian 1402 GMT 2 Aug 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Translated Text] Moscow, 2 Aug (ITAR-TASS) — The war in Chechnya has ended and the agreement on a package of military issues is in force and will be in force despite continuous provocations, Prime Minister Viktor Chernomyrdin said today in an exclusive interview with ITAR-TASS. He believes that the removal of Usman Imayev, the head of the Chechen delegation from the talks will in no way affect the implementation of the agreements that have been reached.

Chernomyrdin ruled out the possibility of Dzhokhar Dudayev's signature appearing in the future under any agreement on a Chechen settlement at any stage of the talks. "Russia does not need Dudayev's signature, we have given our opinion of him, and his signature under agreements is out of the question," he said.

"The representatives of the Chechen side who signed the Groznyy agreement — chief of staff Aslan Maskhadov and former Prosecutor General Usman Imayev — are brave people who did not find it easy to take such a step, and we are fully aware of this," Chernomyrdin said.

"Nonetheless, huge work has been done, the war has been stopped in effect," Chernomyrdin said. "We must preserve the success and go on further. This means that first the disarmament should begin. Free elections are out of the question while people are in possession of such an enormous amount of arms, and this will jeopardize the restoration of peaceful life."

The prime minister believes there will be further provocations, since there are bandit formations in Chechnya, which obey no one. "We need to show more restraint, but on the other hand in no circumstances will the bandits see leniency or mercy," Chernomyrdin said.

He said the next stage of the talks on a peaceful settlement in Chechnya will be a block of political issues that are now being prepared by the joint commission. "The main political issues are the status of the Chechen Republic within the Russian Federation and, naturally, preparations for the elections," the prime minister said.

Chernomyrdin believes another major aim is to "calm down the population and servicemen in Chechnya" and to bring home to them that despite provocations "the decision to end the war has been taken and the war has ended."

The head of the government also said the decision taken by the Constitutional Court on the Chechen issues helped to stabilize the situation around the armed conflict in the Chechen Republic.

Khasbulatov Praises Results of Talks

LD0308122695 Moscow Radio Rossii Network in Russian 1000 GMT 3 Aug 95

[FBIS Translated Text] In exclusive interview to our news service, Ruslan Khasbulatov, former chairman of the Russian Supreme Soviet, gave his views of the progress of the peace talks in Groznyy, the priorities of military and political settlement in Chechnya, and the possibilities of his participation in the Chechen Republic's future political life:

[Begin recording] [Khasbulatov] All of these agreements should start working to bring peace to Chechnya. So I value very highly the agreements that have been achieved and I am anxious to see them implemented. I too will try to do everything I can to insure that these agreements will hold. In my view, it is senseless to discuss the political package at this time because normal elections should be held first and legitimate authorities established there. Otherwise, there is nobody to agree on fundamental issues of political settlement. A mechanism for overseeing the already concluded agreements should be set in motion in order to stop hostilities. A political settlement will not be long in coming, naturally. As soon as a sufficiently stable military settlement has been attained it will be the turn of a general political settlement. It seems senseless to demand that agreements in the sphere of political settlement should be achieved now at all costs because they will be blown up.

[Unidentified correspondent] Do you see yourself, in the future...? [Incomplete sentence as heard]

[Khasbulatov] I am not prepared for the time being to say anything about my participation, but naturally I am and will be taking part in all those issues related to peaceful settlement and a more thorough selection of cadres there. Of course, I would like to see honest people heading the republic. Why is it that the federal authorities have been putting their stake on crooks and thieves all the time? This course must not continue. I regard it as Chernomyrdin's great success... [Khasbulatov pauses] It looks like Mikhaylov and Volskiy are sincerely trying to win peace there. This is great success and I would like to support them in their efforts. [end recording]

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Lebed Praises Military Agreement

LD0208161795 Moscow INTERFAX in English 1159 GMT 2 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 2 (INTERFAX) — Former commander of the Russian 14th Army in the Transdniestr region, Lieutenant General Aleksandr Lebed, has praised the military agreement signed by the Russian government delegation and Dzhokhar Dudayev's representatives in Groznyy on July 30.

However, he told an INTERFAX correspondent today that he regretted that the peace talks had begun only after drawn-out military actions as a result of which "what was built by the hands of many generations has been destroyed."

Lebed told INTERFAX that he intended to return to the Russian Armed Forces in the future. "I have my military uniform on, which means I am going to return to the army," he added.

Previously, Lebed criticized the Defense Ministry's decision to reorganize the 14th Army and tendered his resignation from the Armed Forces. Russian President, Supreme Commander-in-Chief Boris Yeltsin satisfied his request in June. After the dismissal, Lebed accepted the post of Deputy Chairman of the Congress of Russian Communities, headed by Dmitriy Rogozin.

Lebed visited the ceremony in honor of the 65th anniversary of airborne troops at the Moscow Tushino aerodrome today.

Agreement Seen Avoiding Issues

MK0208065495 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 1 Aug 95 pp 1-2

[Report by Yuliya Kalinina: "A Taste of Victory? Peace to the World — a Special Status, to Chechnya"]

[FBIS Translated Text] **On Sunday morning, at 0400, a long-awaited agreement on military matters was finally signed in Groznyy. The agreement calls for the gradual disarming of the Dudayev detachments and a withdrawal of federal troops. Russia's symbolic military presence will be ensured by a mechanized rifle brigade and a brigade of interior troops with a combined strength of 6,000 men. The text of the document was mostly ready a month ago. At the time, Dzhokhar Dudayev also approved its initial version.**

But in an interview with Radio Liberty, which was also broadcast by an illegal radio transmitter on Chechen territory yesterday, the general asserted categorically that he did not authorize his delegation to sign it. Usman Imayev's signature is effectively disavowed. The delegations have gone home. The only people to resume work the day after yesterday will be consultants, who will draw up a new rough copy of a political accord. This work is expected to take 10 days, after which the draft will be finalized by those same Volskiy, Mikhaylov, and Imayev — or whoever else is named by the Chechen president, who is constantly changing his stance.

Our special correspondent Yuliya Kalinina reports from Groznyy about the goings-on in Chechnya.

Mysterious "political" factors that were intended to be taken into account on a mandatory basis during the signing of the military package were clearly absent from the accord. All the "politics" boiled down to how Chechnya should be named in the text of the documents. If it is called the "Chechen Republic," then this would appear to be a Federation component — and if the "Chechen Republic of Ichkeriya," then this would be something sovereign.

The compromise that has been reached looks as follows: The document is called "The Agreement on a Peaceful Settlement in the Chechen Republic," while in the text itself Chechnya is called "the Chechen Republic of Ichkeriya" with an asterisk saying: "The delegation of the Russian Federation Government has stated that the Chechen Republic of Ichkeriya has not been recognized by the legislation of the Russian Federation." This is the cunning method by which the negotiators managed to avoid making a decision on Chechnya's status in the military package.

Implementation of paragraph "a" of the agreement, "The Cessation of Combat Operations," is ensured by orders to stop the fighting that were given by Kulikov and Maskhadov back on Sunday.

According to the staff of the Joint Group of Federal Forces, since the cessation of combat operations, six servicemen have been killed; in the interior troops, 4 men have been wounded; among Internal Affairs Ministry officers, no one has been reported killed, but 11 people have been wounded. According to the same source, 25 Chechen fighters were killed during the past 24 hours.

Paragraph "b," "The Release of Forcibly Detained Persons and a Mutual Exchange of the Lists of Such Persons," has already gone into force. The Russian side has handed over a list of 1,325 people. Most of these people were detained back in January-February, however, and many of them have already been released. The Dudayev side is due to present its lists today.

Paragraph "c," "The Disarming and Withdrawal of Troops," is yet to begin to be carried into execution. Under the agreement, from 15 to 25 armed men

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will stay in every village for security purposes, while the other residents are to surrender their submachine-guns to a special commission of observers. During the disarmament period, military formations will be withdrawn 2-4 km from the engagement line, while at the same time a gradual pullout of troops will be carried out.

Clearly, the idea of surrendering their weapons has elicited an intense dislike from the Chechens. A submachine-gun is an expensive thing, worth at least $300, while Kulikov promises to buy them back for not more than 300,000 rubles apiece. And, moreover, it is unclear in principle how one can render oneself with arms at such an uncertain period of time. For instance, Imayev's bodyguard said he is not going to surrender his submachine-gun — he will volunteer to protect a village as part of any of the 15-25-men groups. It seems that most fighters have similar plans.

The troops themselves have mixed feelings about the upcoming troop withdrawal. There are two widespread points of view: "Let's finally get out of here, let them straighten out all this mess among themselves." Another stance is as follows — "A malicious trick has once again been played on the army: first it was forced to start this war, and now to end it in such an ignominious manner. What did we fight for?" Curiously, some Chechen fighters have been voicing similar views regarding the peace accord — they, too, have a vague idea as to what they fought for.

Under one provision of the document, the Chechen side undertakes to detain Shamil Basayev and his group. At his news conference, Maskhadov, the supreme Chechen commander, explained this paradoxical pledge as follows: The fight against terrorism is provided for in current legislation. (Russian legislation? — Yuliya Kalinina)

A grandiose event of "rapprochement" is scheduled to take place on the outskirts of Groznyy today. A vast clearing will become a venue bringing together a multitude of people — both Dudayev's loyalists and those backing the pro-Moscow government. Religious rites and sacrifices will take place — it is believed that after this people ought to make peace.

MOSKOVSKIY KOMSOMOLETS commentary

What is the military accord — a defeat or a victory? To all appearances, it looks more like a Chechen victory. Russian troops are going home, while disarming "individual natives" will be a hard task to do. Dudayev is strutting about, scoring points by his intransigence and spurning any Russian concessions.

The military part of the accord was agreed upon within a few days. It was signed only a month and a half later, however. The most contentious package of political matters, which were initially discussed in parallel with military ones, has been postponed for an indefinite period of time. Indefinite, indeed. To wait until the political package gets caught up in red tape, to pass it over in silence, to buy time until the December elections to the Duma — this seems to be the strategic line adopted by the Russian — that is, Chernomyrdin's — side in the talks. Should the opposition raise a hoopla — Traitors, you've given up Chechnya, you've forgotten thousands of boys killed there! — Viktor Stepanovich would be able justifiably to counter: Pardon me, what is it that has been given up? Here, be so kind as to take a look, the military package says in black and white: "Within the Russian Federation." As for the question of the republic's status, it is being worked out in the process of negotiations. But the war has been stopped, blood is no longer being shed.

An example of this logic has already been demonstrated by the most sophisticated smooth operator, Arkadiy Volskiy. Hold your horses, he snaps back at newsmen: Whom should I speak with about politics, if there is no authorized counterpart? The one that exists is both uncertain and illegitimate. What will happen after December or even after November, when a "legitimate" government of a new Chechnya is to emerge? What new cards will be added to the Chechen solitaire is difficult even to imagine. No one even bothers oneself with so doing, however — elections are just around the corner, there is no time to think about trifles. And the status quo that has come about suits many a big-time player.

When the issue was being signed to press, the Russian Federation Constitutional Court started reading out a fairly "voluminous" verdict on the constitutionality of the presidential edict and follow-up decisions on "bringing constitutional order to Chechnya." MOSKOVSKIY KOMSOMOLETS was told at the Constitutional Court press service, however, that, metaphorically speaking, "the presidential scale turned out to be weightier." That is to say, as usual, the president has gained the upper hand.

Imayev's Removal Described as 'Dudayev's Agony'

LD0308091995 Moscow INTERFAX in English 0421 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 2 (INTERFAX) — The Russian president's aide on legal issues, Mikhail Krasnov, described the removal of the head of the Chechen delegation to peace talks, Usman Imayev, after the signing of the military agreement as "Du-

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dayev's agony" at a Wednesday news conference in Moscow.

According to Krasnov, differences between Dudayev and Imayev as well as within the Chechen delegation have been visible for a long time. However, the removal of Imayev, who was "the main brain and motor of the Chechen delegation to the talks," is evidence of Dudayev's inconsistency, he added.

"If Dudayev were a fully legitimate figure, then his denouncing the signed agreement would have significance. In addition, many field commanders do not obey him, while the Russian delegation maintained negotiations with those who exercise real influence in Chechnya," Krasnov commented on Dudayev's interview with the Liberty radio station in which he had virtually denounced the military agreement.

Krasnov said a working group of Russian experts will continue discussing the political accord in Groznyy. The group had "only the text earlier discussed by the Russian and Chechen sides for the 40 days of talks rather than any specific instructions," he added.

Krasnov failed to name the future presidential representative to Chechnya, to be the main guarantor of ceasefire in the republic, according to an earlier agreement. "It must be a person of strong will, who knows the Caucasus and the mentality of the peoples who live there," he remarked.

Commanders of Joint Forces Meet in Chechnya

LD0208214695 Moscow ITAR-TASS World Service in Russian 1405 GMT 2 Aug 95

[FBIS Translated Text] Moscow, 2 Aug (ITAR-TASS) — Today, at a meeting of the commanders of the Joint federal forces in the Chechen Republic, Lieutenant General Anatoliy Romanov, deputy interior minister and commander of the Joint federal forces in Chechnya, set the commanders of Russian Army and Interior troops subunits the task of implementing the agreements on the block of military issues. An ITAR-TASS correspondent was informed about this over the phone by a spokesman of the federal forces' press service in Chechnya.

He said that the commanders have been instructed to make known to every serviceman the statement by the commander of the joint federal forces and the chief of staff of the armed formations in Chechnya, the appeal to the republic's inhabitants by the special observers' commission, and the contents of the agreements and the tasks for their implementation.

The meeting paid special attention to the procedure for disarming illegal armed formations. It was stressed that this work will be carried out in strict compliance with the agreement. Field commanders of the illegal armed formations will be involved alongside commanders of the Russian Army and Interior troops.

Interior Minister Details Chechen Disarmament

LD0208194795 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 2 Aug 95

[Interview with Interior Minister Anatoliy Kulikov by correspondent Sergey Shevtsov; place and date not given — recorded]

[FBIS Translated Text] [Kulikov] Today the joint command of the federal troops will hold another meeting with representatives of Maskhadov's headquarters, and tomorrow Maskhadov intends to meet field commanders to clarify tasks of implementing the agreement. We hope that as of 9 or 10 August, disarmament will proceed at a faster pace. Of course, we are hoping very much for the arrival of the president's plenipotentiary representative any time now so that the implementation of the terms of the agreement might be guaranteed.

[Shevtsov] If the so-called irreconcilables continue to fire at Russian servicemen, what measures will be taken against them?

[Kulikov] These irreconcilables do exist, but even they are changing their attitudes. Some of them have already agreed today and are taking steps to disarm their units. As for the adoption of measures, they will be most firm. This, incidentally, was agreed with representatives of formations, representatives of Maskhadov's headquarters. Measures will be taken to localize those units and, if need be, to eliminate them.

Constitutional Court's Verdict on Chechnya Viewed

Tumanov Gives Reasons for Verdict

MK0208122495 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 2 Aug 95 pp 1-2

[Exclusive interview with Professor Vladimir Tumanov, chairman of the Constitutional Court, by Yuriy Zaynashev after verdict on the presidential edict on Chechnya; place not given: "Vladimir Tumanov: 'We Have Received All Grachev's Orders'"]

[FBIS Translated Excerpt] [Zaynashev] Vladimir Aleksandrovich, the entire public is certain that while mulling over a verdict in your conference room, the judges proceeded from political, not legal predilections. You could have interpreted the text of the 30 November edict in various ways, but most judges interpreted it in the president's favor...

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[Tumanov] To a certain extent everybody has his or her own predilections and convictions, but it is not this that took precedence: There were lots of professional, purely legal discussions. Sometimes, however, there were attempts to fit legal arguments into political objectives.

[Zaynashev] It is well known that you studied only documents issued from 30 November to 11 December, when the president himself rescinded his November edict. Did you receive all the documents you requested?

[Tumanov] Of course we did. We received all orders from Grachev, Yerin, the Emergency Situations Ministry. But most orders were issued after 11 December, after the troops were brought in. Orders issued before 11 December, however, do not contain anything that could be interpreted as a violation of human rights. These were all organizational and technical matters. Ministers were preoccupied with how to squeeze such a huge military machine into a tiny territory. The first column marches here — the second column, there... The only thing they can be reproached for — as we actually wrote in the verdict — is failure to think about possible consequences. Some orders say that "the population should be treated with care," but this was done for the sake of appearances.

[Zaynashev] Why do you think the Russian Supreme Court keeps silent?

[Tumanov] You should understand: The Supreme Court cannot do anything on its own initiative. Otherwise we will end up waking up one morning to find out that a court has divorced you from your wife at its own discretion. According to our principle of the separation of powers, it is the prosecutor's office that should apply to the Supreme Court. This is what it should do instead of taking on the dolls [reference to court case against "Kukly" television program]. [passage omitted]

Court Chairman Defends Judgment

MM0208155995 Moscow ROSSIYSKIYE VESTI in Russian 2 Aug 95 pp 1, 2

[Interview with Chairman of the Constitutional Court Vladimir Tumanov by Lyubov Tsukanova and Dmitriy Orlov under the "Exclusive" rubric; place and date not given: "The Court's Business Is the Law, Not Politics" — first four paragraphs are ROSSIYSKIYE VESTI introduction]

[FBIS Translated Text] The examination of the "Chechnya case" at the Constitutional Court ended, if not with a victory for the president's side (one can scarcely speak of victories with regard to constitutional law), then with a verdict based on the whole on the arguments presented to the Constitutional Court by the representatives of the president and the government. Confirming basically the lawfulness of the head of state's edicts, the organ of constitutional justice noted the "passivity" of executive authority in Chechnya in the fall of 1994, when the conflicts between illegal armed groups threatened to "turn into a civil war." The disarmament of the Chechen guerrillas without operations carried out by Army subunits and Ministry of Internal Affairs forces was, in the Constitutional Court's opinion, "impossible in principle," while the use of those forces on the country's territory in accordance with Article 1 of the Russian Federation law "On Security" is not determined by the mandatory introduction of martial law or a state of emergency.

The presence of eight dissenting opinions, which it is intended the Constitutional Court judges will publish within the next few days, indicates that the ruling was delivered in a far from unanimous fashion. Both the legal evaluations and the political views of the judges were seriously at variance.

The Constitutional Court ruling — this became clear immediately after its announcement by Vladimir Tumanov — cannot suit everyone. It manifestly does not suit the deponents, the chambers of the federal parliament, particularly their hard-line representatives in the court like Yelena Mizulina, who defined the maturity of the rule-of-law state in Russia by reference to the need for the Constitutional Court to bring in a verdict "against the president." It will scarcely suit the power departments either, as their actions are now, with the restrictions on freedom of expression and freedom of movement in a state of emergency deemed unconstitutional, seriously restricted. However, it should certainly suit those who value the force of the law rather than the law of force.

The following conversation with Constitutional Court Chairman Vladimir Tumanov conducted by our correspondents will certainly help readers to establish their bearings in the situation which has developed in and surrounding the court.

[ROSSIYSKIYE VESTI] Vladimir Aleksandrovich, the "Chechnya case" is the most notable one the new Constitutional Court has dealt with. What are its special features — legal, organizational, or otherwise, perhaps?

[Tumanov] I have repeatedly expressed the view that, from the standpoint of constitutional justice, it is not necessarily the most sensational case that is the most difficult. Nevertheless, this case was pretty difficult. First, the political significance of the issue gives it resonance; second, a pretty large number of acts were presented for examination; and third, the absence of a clear legislative regulation which could be simply applied to the situation. These are the basic factors

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involved, but the main one is the political significance of the case and the attention paid it by public opinion — which is not, of course, a means of exerting pressure on judges but does always influence proceedings to some extent.

[ROSSIYSKIYE VESTI] Many people predicted that the Constitutional Court would split during these proceedings. We can see that a number of judges have expressed a dissenting opinion. Does this mean that the predictions were right?

[Tumanov] I do not think it possible to talk about a split. There have been dissenting opinions before. Of course, the viewpoints here were diametrically opposed. But the ruling was delivered by a significant majority. I do not think that the alignment here in this case will exert a substantial influence on the examination of subsequent cases. I want to be optimistic here. The fact there are judges who, to put it somewhat tactfully, as it were, are less interested in seeing the court working harmoniously — they maintain their own dissenting opinion case in, case out — is another matter. I have noticed such a tendency, for example, in Valeriy Dmitriyevich Zorkin: Whichever case we examine, he always has a very large number of arguments against — against the majority. Recently, in an article published in VECHERNYAYA MOSKVA, he expressed the view that it had been a good court before it was, as he put it, "diluted" on political grounds by the addition of six new judges. The Constitutional Court had thereby deteriorated. This might be related to his old political allegiances.... There are one or two more such judges, but this does not mean the court is split; it concerns the line of conduct of individual judges.

[ROSSIYSKIYE VESTI] Do you not think that the court's ruling is weakened when the judges are not united in their opinion?

[Tumanov] From the legal standpoint, no.

[ROSSIYSKIYE VESTI] Great hopes are pinned on this court from the standpoint that it will help overcome the difficult political situation more quickly, solve the "Chechnya problem," and create a precedent so that subsequent similar problems are resolved more easily or even prevented. Did the court set itself this supertask?

[Tumanov] I do not believe that the Constitutional Court can have a supertask; it is not its job to resolve political situations. Its task is to help create a rule-of-law state system in society. Too much is expected of the court, and it is often made to adopt an extreme stand in a situation where it should not be extreme and can resolve nothing because the problem is political rather than legal in nature. Those problems are not for us to tackle. The supreme legislative organs watched the situation in Chechnya for three years and did nothing. The State Duma did not even adopt a federal constitutional law on a state of emergency....

The Constitutional Court should not tackle political problems; there are, I repeat, other bodies for that. Our business is questions of law.

[ROSSIYSKIYE VESTI] The representative of one of the parties in the proceedings, State Duma Deputy Yuriy Kalmykov, stated in one central newspaper at the conclusion of the proceedings that "the Constitutional Court chairman and certain other judges, having close links with presidential structures, are unable to escape their influence. Could you comment on this harsh opinion?

[Tumanov] It is completely lacking in tact. It is well known that Yuriy Khamzatovich Kalmykov himself spent many years in the presidential entourage: He was minister of justice, a member of the Security Council, and he ratified by his signature one of the president's edicts concerning the "Chechnya case." He has never seen me in those surroundings.

I have never belonged to any political force. And I do not want to either — I retire in a year's time.

[ROSSIYSKIYE VESTI] The Constitutional Court is a most important component of one of the branches of state power. What consequence, given this, will the latest Constitutional Court ruling have?

[Tumanov] The most important consequence is confirmation of the fact that, under the Constitution, Russia protects its state integrity and no one is entitled to undermine it.

[ROSSIYSKIYE VESTI] Was the "Chechnya case" interesting from the purely legal standpoint?

[Tumanov] Yes, there were such elements. It was interesting to analyze existing legislation relating to security and to pinpoint spheres where the legislation is contradictory and, frankly, anarchic. The investigation of the question of the direct application of constitutional norms was not without interest either.

Strictly speaking, the situation with regard to the petitions to the Constitutional Court arose from the fact that everything was very badly executed. The consequences were ghastly. People were killed, cities destroyed.... But I would like to draw attention to the fact that those to blame for the consequences should be held to account. Many people expected the Constitutional Court to find the "culprit." But that is not our task at all — that is the task of the criminal court.

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Let us be frank, the Constitutional Court ruling cannot solve the Chechnya problem.

The Constitution makes it possible to tackle questions of self-determination without loss of life in a peaceful, lawful way. The slogan of independence was exploited in the Chechen Republic by certain political forces which did not essentially reflect or indeed seek the Chechen people's opinion.

[ROSSIYSKIYE VESTI] Many observers of and participants in the "Chechnya case" proceedings speak about the "sprint" speed of its examination in the Constitutional Court. How do you regard this viewpoint?

[Tumanov] I think that the proceedings simply went on too long. Every one can remember the protracted proceedings of the "CPSU case." And yet this is far from the norm. The U.S. Supreme Court gives the parties 30 minutes each to present their cases. If proceedings take a long time, it means that they have been poorly prepared.

As for the "lightning proceedings" of which Yelena Borisovna Mizulina spoke, I would like to remind people that she turned up at the proceedings on the third day, while Anatoliy Ivanovich Lukyanov did not turn up until the fourth day. Where were they during the initial days? She was in Canada, he at a party event. Whom, then, are they getting at?

[ROSSIYSKIYE VESTI] Only one aspect of the Constitutional Court's work — what happens at its sittings — is visible to us. But what, apart from that, goes on in the background, as it were?

[Tumanov] First of all, the preparation of cases for examination. Take the last case —the Chechnya case. A great deal of work was done! We obtained thick tomes and mountains of reports — from financial and law-enforcement agencies, from the Ministry of Railways.... And such preparation is extremely important, since proceedings are written in general in the majority of the world's constitutional courts.

[ROSSIYSKIYE VESTI] When we spoke with you in December and February you said that the psychological atmosphere in the Constitutional Court was favorable on the whole. Has that situation changed today?

[Tumanov] There are 19 members of the court. Each is an individual. Therefore not everything goes swimmingly. But as soon as we get to grips with legal issues, everything falls into place.

[ROSSIYSKIYE VESTI] The problem of executing Constitutional Court rulings — what is your view on that?

[Tumanov] The executive branch should see to it that Constitutional Court rulings are executed. Nothing will happen so long as people's hopes are pinned exclusively on marshals of the court.

Some day the rulings of judicial organs will be strictly executed. However, from the standpoint of developing our law I have known considerably worse times than today. I have lived through five political regimes and have something to compare it with. The rule-of-law state about which only a handful of lawyers knew and spoke 15 years ago is today a significant ideal for the whole of society. And that is encouraging.

Army Paper Welcomes Verdict

MM0208134495 Moscow KRASNAYA ZVEZDA in Russian 2 Aug 95 p 1

[Article by Aleksandr Pelts: "The Constitutional Court Has Acknowledged That the President Acted Within the Russian Constitution"]

[FBIS Translated Text] The so-called "Chechnya case," examined by the Russian Constitutional Court, was the focus of attention of the entire society for several weeks. The Constitutional Court announced its verdict Monday. The Constitutional Court decision is lengthy. The court chairman spent almost 45 minutes reading out the text of it. Of course, the final part of the verdict elicited the greatest interest. Omitting the complex and wordy juridical formulas, it is possible to say the following: The presidential edicts and the government decree which served as the legal basis for sending federal troops into Chechnya in December 1994 have been ruled, on the whole, to be in accordance with the Russian Constitution.

Now more details about the course of the case itself. Let us recall that the request for the constitutionality of the acts of the Russian president and government to be checked was sent to the Constitutional Court by deputies of both chambers of parliament. In the deputies' opinion, the use of the Armed Forces to restore legality and law and order on the territory of Chechnya was inadmissible. The parliamentarians reckoned that the sending of federal troops into Chechnya violated the constitutional rights of the republic's citizens, particularly the rights to life, freedom, and personal inviolability. For their part the representatives of the president and the government at the trial maintained that in the present conditions the president, as guarantor of the Constitution, had to use all possible means to ensure security and the defense of the country's territorial integrity.

Having listened to the judges' report, the sides' explanations, and speeches by experts and specialists and studied the materials submitted, the Constitutional Court established the following. The decision points out that the

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state authorities first of the USSR and then of Russia "proved unable to assess correctly the Chechens' just grievance (at Stalinist repression and the failure to rectify its consequences effectively enough— A.P.), the events brewing in the republic, or the driving forces behind them. The Russian Federation's federal organs of power relaxed law-enforcement activity in the Chechen Republic, failed to guard state arms dumps on its territory, and for several years were passive in resolving problems of relations with the republic as a component of the Russian Federation."

Another quote: "At the time of publication of the 9 December 1994 edict ('On Measures To End the Activities of Illegal Armed Formations on the Territory of the Chechen Republic and in the Zone of the Ossetian-Ingush Conflict' — A.P.) legislative regulation permitted the use of the Russian Federation Armed Forces to defend the state not only against external threats but also for the actual defense of the population, territory, and sovereignty and for defense against internal threats directed against the person, society, and the state...."

In addition, the court reminded the State Duma that, in adopting its well-known decree of 23 December last year, it declared itself that the disarmament of the illegal regular Chechen armed formations which had been created and which were equipped with tanks, missile launchers, artillery systems, and combat aircraft "is impossible in principle without using the Army's forces."

Such a detailed analysis was the result of one chief circumstance: The "Chechnya case" examined by the Constitutional Court graphically showed the "gaps, contradictions, and obsolete provisions that exist in legislation on ensuring defense and security." Once again the Duma pointed out in its next decree on Chechnya of 13 January 1995 that "the legal basis for the use of the Russian Federation Armed Forces and other troops in ensuring guarantees of the constitutional system is imperfect."

This should have been rectified.... But, alas, this was not done in good time. Therefore the Constitutional Court pointed out as a special point in its decision: "The Russian Federation Federal Assembly should regularize legislation on the use of the Russian Federation Armed Forces, as well as on settling other questions that arise in conditions of extraordinary situations and conflicts...."

The importance of the Constitutional Court's conclusions can hardly be overestimated. Not so much for the politicians as for the Army. Above all, because military men have to pay with their reputations for such "imperfection." In this situation the legislators remain to one side, as it were. Although it was the Army that discharged its duty to the end, laying down hundreds of lives on the battlefields in Chechnya.

Overhaul of Kremlin Power Structure Viewed

MK0308121095 Moscow OBSHCHAYA GAZETA in Russian 3-9 Aug 95 No 31, (Signed to press 2 Aug) p 8

[Report by Nikolay Troitskiy: "The Transplantation of Organs in the Kremlin"]

[FBIS Translated Text] Boris Yeltsin has once again shown that he does not put up easily with lost positions and extricates himself successfully from the most difficult situations. Last week he came out with a double shot of two edicts — "On the Russian Federation Presidential Staff" and "On the Russian Federation Main Protection Directorate" — thus compensating for his recent losses.

A month ago the president seemed to have retreated after the "Budennovsk raid" by Shamil Basayev and Viktor Chernomyrdin, hectically sacrificing pieces and generally slackening. OBSHCHAYA GAZETA wrote in Issue 27 in this regard that the prime minister, "without even losing a pawn, achieved an advantage at the center of the board" while "the president has no strong move in reserve." But now it is clear that Yeltsin — either by intuition or after careful consideration — has played a powerful, truly grandmaster's move.

Most observers have noted that Yeltsin's favorite, Aleksandr Korzhakov, has visibly "consolidated" [his position], receiving the next [military] grade as well — that of lieutenant general. One of the edicts rules that: "The Russian Federation Main Protection Directorate [GUO] is an object of operational administration by the Russian Federation Presidential Security Service." Everything is clear here: Former GUO chief Mikhail Barsukov has been moved from the Kremlin to Lubyanka while his office has been taken over by General Korzhakov. But the edicts also have some mysterious points. For instance: "The Russian Federation Presidential Security Service shall be deemed a state body as part of the presidential staff.... The presidential chief of staff shall not exercise operational management of the Security Service." Neither the Constitution nor Russian Federation laws use the term "state body" and therefore it is not clear what exactly the Korzhakov service has been turned into. Presumably it has gained additional weight in the administrative hierarchy.

It is especially noteworthy that the presidential security service has been proclaimed not only a mysterious "state body" but also "a body of operational administration within the system of federal state protection bodies."

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Now what is this system in the first place? People in the office of Mikhail Krasnov, the president's aide on legal matters, could not answer this question. It transpired in passing that the edicts were not endorsed either by the absent Krasnov (he was negotiating in Chechnya) or his colleague Yuriy Baturin, national security adviser, or the State Legal Administration. There are no legislative or at least normative enactments defining "the system of state protection bodies." Clearly, this does not refer to the GUO: A separate point is devoted to it, cited above. Moreover, it is impossible to regard one main directorate as a "system of bodies." Common sense suggests that many departments are engaged in "state protection:" the Federal Security Service [FSB], foreign intelligence, the border guards, the Ministry of Internal Affairs, and even the Defense Ministry. Is it possible that this colossal structure has been transferred under the jurisdiction of Mr. Korzhakov? This is not just a strengthening — it is nearly unlimited power on the verge of usurpation.

According to responsible sources, such an operation was inconceivable as long as the FSB was headed by Sergey Stepashin and the militia was commanded by Viktor Yerin: They both strongly resisted attempts to place their departments under anyone's "jurisdiction." It appears that the president, when dismissing both, was not at all making concessions to the public, the Duma, or the head of government. He presumably knew which pieces should be "swept off the board" and which should be activated. The newly appointed Internal Affairs Minister Anatoliy Kulikov is too inexperienced to stand up to pressure from the special services, while incumbent Lubyanka chief Barsukov is Korzhakov's right-hand man and his creation. True, there is still Army General Pavel Grachev, but at the moment when the edicts were signed he was away on vacation, and reports say he has developed some problems in his relationship with the security service chief who has now been given a rank that is at least not below ministerial.

General Korzhakov's unprecedented rise, however, is an important but indirect result of the edicts on the presidential staff and the GUO. The following point sounds much more impressive: "The Russian Federation presidential staff, along with subdivisions and bodies ensuring the activity of the president of the Russian Federation, may include state bodies whose leadership is exercised directly by the president of the Russian Federation." What are these bodies?

The Krasnov office explained: In January 1993, the president issued an edict "On the Structure of State Executive Power Bodies" which said that the head of state exercises direct leadership of the Ministry of Foreign Affairs, the Ministry of Internal Affairs, the Defense Ministry, the Ministry of Justice, the Security Ministry, the Foreign Intelligence Service, the Federal Border Service, the Federal TV and Radio Broadcasting Service, and the Federal Government Communications and Information Agency [FAPSI].

Two and a half years ago these departments and their chiefs were in effect moved from the prime minister's jurisdiction, but formally many of them are still cabinet members. This structural reorganization was incomplete. With his latest edicts the president has finalized the expropriation of political and power organs from Viktor Chernomyrdin.

Therefore, the presidential staff has received a totally new status. It is no longer a chancellery handling paperwork in the Kremlin, but a parallel government. Of course, such a powerful structure must be led not by a reflective bureaucrat like Sergey Filatov, but by a far more substantive figure. Leaks from the high corridors of power indicate that an ambassadorial post has already been prepared for Sergey Aleksandrovich either in Prague or in Buenos Aires, while his place will purportedly be taken up by either Security Council Secretary Oleg Lobov (whose post will in turn be occupied by Aleksey Ilyushenko), Vladimir Shumeyko, or Nikolay Yegorov, who has been dismissed as head of the Nationalities Ministry.

The transformation of the presidential staff into "a government of his majesty" surely does not fit into the framework of the Constitution, but neither does the latter contain an explicit ban against it. Therefore, presidential lawyers will easily provide legitimation to Yeltsin's latest improvisations.

The pathetic plans for merging special services — for instance, the GUO and the FSB — pale before this stratagem. As of now the president can easily manipulate the heavy pieces, while the premier will have to handle knights and pawns from the "economic and business management" block.

Yeltsin Signs Law on State Service Fundamentals

MM0208151995 Moscow KRASNAYA ZVEZDA in Russian 2 Aug 95 p 1

[ITAR-TASS report "From the Kremlin": "The Russian President Has Signed the Law 'On the Fundamentals of Russian Federation State Service'"]

[FBIS Translated Text] The document in question defines the legal fundamnetals of the organization of Russian Federation state service and the fundamentals of the legal status of state employees.

State employees are Russian Federation citizens who exercise in the manner prescribed by federal law the

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duties pertaining to a state office in state service for monetary compensation funded by the federal budget or by the budget of the relevant component of the Russian Federation. The law prescribes that a state employee is not allowed to "engage in any other paid activity except educational, scientific, or other creative activity" or to engage in entrepreneurial activity personally or via agents.

Aide Denies Yeltsin Seeks To Fire Kovalev

LD0308092995 Moscow INTERFAX in English 0421 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 2 (INTERFAX) — An aide to Russian President Boris Yeltsin denied Wednesday that Yeltsin had decided to dismiss Sergey Kovalev as presidential human rights commissioner.

"There has not been, and possibly will not be, any such decision, although such an idea has been put forward," Mikhail Krasnov, Yeltsin's legal aide, told a news conference.

The media reported early this week that a presidential decree had been drafted to sack Kovalev and disband the Presidential Human Rights Commission which he heads, replacing it with a new division at the Letters and Complaints Department of the president's office.

Earlier the State Duma, the lower house of parliament, fired Kovalev from another post, that of human rights commissioner of the Russian Federation.

Social Tension Seen as Downside of Stabilization

MM0208140295 Moscow KRASNAYA ZVEZDA in Russian 2 Aug 95 p 1

[Own Information, ITAR-TASS report: "From the Russian Federation Government. At the Macro Level Everything Is In Order. But What If You Dig Deeper?"]

[FBIS Translated Text] The main result of the Russian Federation's socioeconomic development in the first half of 1995 is a clear trend toward macroeconomic stabilization. That point was made at a session of the Russian Federation Government chaired by Viktor Chernomyrdin.

In the first half of 1995, according to Mikhail Delyagin, leader of the Russian President's Analysis Administration economists' group, the foundation has been laid for considerable progress in improving the budget sphere and the whole economy. However, this success has been achieved at the cost of a powerful tightening not only of budget policy but also of all monetary policy — which has created considerable tension in the social sphere and led to a renewed growth of unpaid debts in the national economy.

Commission Formed To Examine Foreign Ministry

LD0308092595 Moscow INTERFAX in English 0421 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 2 (INTERFAX) — Russian Prime Minister Viktor Chernomyrdin has ordered the setting up of a government commission to look into the foreign ministry's performance before senior cabinet members meet to discuss what can be done to improve its efficiency.

The instruction, the text of which was made available to INTERFAX Wednesday, says the commission was being set up on the order of President Boris Yeltsin.

The new body is given two months in which to report back on its findings to a meeting of senior cabinet members.

Deputy Prime Minister Vitaliy Ignatenko is appointed in charge of the commission which also includes Presidential Foreign Policy Adviser Dmitriy Ryurikov (deputy head); Foreign Minister Andrey Kozyrev; Minister for CIS Cooperation Valeriy Sizov; first deputy heads of the defense, finance and foreign trade departments and representatives of the foreign intelligence and federal security departments as well as the government.

In an interview with INTERFAX Wednesday, foreign ministry representative Mikhail Demurin expressed the hope that the commission's findings could help resolve the problems which the ministry had repeatedly raised before the president, government and parliament.

For his part, a senior Russian diplomat speaking in Kuwait said that "it was Kozyrev himself who was behind the idea of setting up a government commission."

He said Deputy Foreign Minister Sergey Krylov represented the ministry at the commission's first session in Moscow Tuesday.

His statement was also reaffirmed by members of Krylov's staff.

War Commemoration, Veterans' Body Welcomed

MM0208141995 Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 4

[Commentary by Vladislav Ivanov under the general heading "Moral Roots of History" — from the "Documents" section]

[FBIS Translated Text] The Russian Federation Government decree published today and adopted in support

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of a proposal from a number of state and public organizations is of great importance for implementing purposeful activity designed to revive and strengthen the patriotism and national pride of Russians, to enhance the Russian state's international prestige, and to solve the problems faced by war, labor, Armed Forces, and law-enforcement organ veterans. The need for an active policy on these issues is confirmed by the requirements of Russia's social development at the current stage, when the restoration of the moral guidelines which make it possible to maintain and augment the high civic qualities for which Russians have always been known is particularly acute.

In recent years a situation has come about whereby these problems have been dealt with by many state departments, public committees, and organizations. But they acted separately, often duplicating each other, and their approach to the issues that arose was not comprehensive. Attention has been drawn to these defects in their activity by many of the letters which ROSSIYSKAYA GAZETA has received in recent months, and in appeals and proposals from veterans.

The creation of a permanent Russian Organizing Committee To Prepare and Stage Measures Linked To Memorable Events in the Fatherland's Military History and To Deal With Veterans' Affairs, based on the organizing committee to prepare for the celebration of the 50th anniversary of Victory, will make it possible to coordinate all the activity and to pool the efforts of federal executive organs, Russian Federation component executive organs, scientific and educational establishments, enterprises, veterans' and other social and religious organizations, creative unions, and citizens. And the committee's title should not be interpreted narrowly as an organ that merely prepares for and stages ceremonial events. The ratified statute on its activity stresses that its main tasks include the military-patriotic education of the young in the heroic traditions of the Russian Army and Navy, the inculcation of a sense of pride in their fatherland and its great history, and the implementation of measures to provide social support for our veterans.

The seriousness of the planned program is confirmed by the composition of the committee, which is headed by V.S. Chernomyrdin, chairman of the Russian Federation Government, with Deputy Premier Yu.F. Yarov as his first deputy. The committee includes leaders of state ministries and departments, public organizations, presidents of associations, and members of the Presidential Staff. This provides hopeful guarantees that the committee will rapidly win prestige in the state's social life and that its working groups, which it is planned to set up in specific areas of activity, will be truly working organs rather than existing solely on paper, as was often the case in the past.

We should also note the following fundamental point: The Russian Federation Government decree outlines a clear-cut structural plan for cooperation between the committee and regional organs, ministries, departments, and public organizations which makes it possible to resolve the tasks set at all levels more effectively. Sources of funding are defined — it is planned to raise funds from the federal budget and make use of the potential afforded by the Victory 50th Anniversary Fund, voluntary contributions, deposits, and donations. The Committee has extensive rights which allow it to actively pursue its own line.

An important part of the statute is devoted to resolving questions that arise in staging military-memorial events, implementing cultural, educational, creative, scientific, and publishing activity, getting the mass media involved in covering memorable events in our military history, and developing cultural and scientific links with foreign countries. Merely listing these areas of activity shows that it is planned to work on an extensive and large scale. Given that this new organ is not being set up from scratch and that definite positive experience has already been built up — not least during the preparations for the celebration of the 50th Victory anniversary — we should not expect a long preparatory period to be needed to implement the outlined program.

Our history, including its military aspects, is rich in events which have created the glory of Russia. Reviving that glory in genuine form for future generations is a task that is as noble as it is crucial.

Military Issues

Lebed Criticizes War in Chechnya, Duma

AU0108194195 Sofia TRUD in Bulgarian 26 Jul 95 p 19

[Third of three installments of "exclusive" interview with General Aleksandr Lebed, former commander of the Russian 14th Army, by TRUD special correspondent Dimitrina Gergova in Moscow on 13 July: "General Lebed: Russia Is an Empire"]

[FBIS Translated Text] [Gergova] What do you not accept in present-day Russia. On what points do you disagree with Grachev and Yeltsin?

[Lebed] One could discuss this for a long time, but if we reduce the facts to the bare essentials, in my opinion 1991 was the year of unexploited opportunities. Enthusiasm burst into flames like a heap of straw, but no one had the brains to create some kind of battery to

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store this positive energy. Everyone waited for changes, and the changes duly came: The regime collapsed. I maintain that what occurred was no new Russian Revolution. The regime, which was rotten through and through, simply collapsed like an old wooden hut. However, nothing changed. On 21 August we went to bed under totalitarianism and woke up on 22 August under democracy. However, things do not happen like this.

The same people have occupied all the top posts of command in the country. Who is Boris Nikolayevich Yeltsin? He is a former first secretary of the Sverdlovsk Oblast Committee of the CPSU. The situation is the same in the former Soviet republics. Who is Snegur, who are Lucinschi and Brazauskas, and what about Nazarbayev? These people — true members of the nomenklatura and opportunists to boot — realized which way the wind was blowing. They managed to assess the situation in an instant, threw their party membership cards in the trash can, unfurled the flag of democracy, and once again set off on their white horses to lead us toward the bright future. This future used to be called communism, now it is called democracy. However, the system has remained the same. All of them go and blame their predecessors for everything. At one time Stalin was the guilty one, later it was Khrushchev, Brezhnev, and so on. By accusing Gorbachev, Yeltsin pulled the country out from under his boot, and now he has been in power for over four years. Look, what has Yeltsin achieved? Let us count his successes on our fingers. When I try to do this, I find I can only bend one joint of my little finger: Glasnost does exist, but with provisos.

What in fact is happening? They carried out some kind of uncontrolled privatization in the interest of 5-7 percent of the population, 80 percent of whom are below the poverty threshold. Our rulers have no guiding star, they have no idea where they are going. They wander through the darkness and tremble with fear and loneliness. Man and society must have an aim. It can be an imaginary or a real aim, but that is another question. Communism was an imaginary goal, but it did exist — that is, society was structured, it functioned, it was going somewhere, and, generally speaking, no one died of hunger. Yes, there were many shortcomings, but the people did not starve.

[Gergova] Yes, but the aim was still an imaginary one....

[Lebed] The Chinese have turned out to be the cleverest. They have demonstrated that one can quietly make progress, in an evolutionary manner, without bloodshed, noise, and fanfares. They have demonstrated that the market economy and the communist party do not hinder one another and can coexist. The party retreated a little to make way for the market economy. This means that a revolution is not essential; a revolution is always accompanied by bloodshed and bad events and its consequences are unforeseeable. Yet our present leaders have led us off along another revolutionary path, as a result of which during the last four years the country has been plunged into chaos and the economy brought to its knees. Once again, everything is built upon a lie, and I do not accept this lie.

We need a national policy, but one that takes the people's mentality into account. We should not thoughtlessly transfer foreign experience, even the best kind, onto our soil. Look, in Foros Gorbachev tried to cultivate cacti. All the right conditions were supposed to exist — moisture and heat, but the cacti would not grow.

[Gergova] China is one example, but there are others. Chile, Greece, Turkey, and Spain passed through periods of military dictatorship, of strong-arm rule. Is this suitable experience for Russia? Or perhaps the tsar-little father is more appropriate for us?

[Lebed] On the question of the tsar I am not sure, it is debatable. Our tsarist roots have been cut off, and if we start looking for various relatives and cousins of the tsar, just imagine how many claimants will spring up. Then the time of the troubles will start again.

As regards the strong arm, Russia used to be an empire and in its way of thinking it still is one. You can change the signboards for it every five minutes.

For example, today you set up the sign "democracy." However, where is this damned democracy to come from? It means a colossal transformation in the people's consciousness, in educating them to observe the laws. Conditions are needed for this, and they will be created when the laws start operating in the interest of the majority of the population. Only then can we say that we have started laying the foundations of the building of democracy. Personally, I am quite convinced that I will not live to see this day.

[Gergova] Why?

[Lebed] Because Russia is like a dinosaur — a lot of time is needed for the change to reach the tail from the head. The dimensions are different. Russia stretches over 10 time zones. Russia must seek its own, third path. It is like a huge cooking pot that is heavy and difficult to start spinning, but then will not stop spinning when you want it to. How many civil wars have ravaged the Russian land! Now, there is Groznyy. The city and its surroundings have been reduced to dust. Who will rebuild it? Since Chechnya is part of Russia, it means that the Russian taxpayer has to pay for the war, and he

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also has to pay to rebuild the town. The Russians and the Chechens both have their heroes, but it is all part of Russia! That means that the war is a civil one.

[Gergova] There is something strange about this war. First, the Russian authorities tolerated Dudayev's "independence" with a display of indifference. Now, search warrants have been issued for Dudayev and Basayev. However, Radio Liberty, for example, has no trouble in tracking down Basayev and interviewing him, while the Federal Security Service is unable to locate him.

[Lebed] That is true, but I would like to say that since Chechnya is part of Russia, and no one doubts this, this conflict should never have arisen at all. The Russian troops were hastily withdrawn from Chechnya in 1992 at Dudayev's request, but they left behind a mass of weapons. They now say that the Chechens stole these weapons to arm themselves. No, we simply gave them the opportunity to do this. Later on, the war broke out all at once, without the use of any economic or political sanctions, although Russia has plenty of opportunities to tread on the corns of anyone who wants the region for himself and make them understand that they are not behaving properly.

It started with a dress rehearsal, when some sort of "opposition" started advancing toward Groznyy. The force consisted of Russian tanks manned by Russian troops, without any infantry cover. During the Great Patriotic War, there were only three towns that tanks entered: Stalingrad, Koenigsberg, and Berlin. The tank has no job to do in the town, there it is like a mammoth caught in a trap. The tank is intended for open country. In Groznyy, these laws were ignored, and the tanks, lacking infantry protection, were turned into burnt-out hulks. This happened on 26 November last year.

Two weeks later, after our troops had wiped the egg off their faces, they again started a troop operation that once again was unprepared. The defense minister said: "We will finish everything in two hours with a single regiment." The war has now continued for eight months, tens of thousands have been killed, and enormous damage inflicted. This is what they have achieved.

You are right about Dudayev and Basayev. Any correspondent can find them if he really wants to, apart from the Federal Security Service. It is truly a terrible war.

[Gergova] Are you optimistic that it will end soon?

[Lebed] I am always an optimist, but in this case I can see no grounds for optimism, and will try to explain why. I will draw a comparison with Afghanistan. I was there in 1981 and 1982. My brother was there from the beginning, from 1979. He told me that the people gave them a joyous welcome. When I went there, there was almost no joy left. They have always had rebels there; if the government is "red," the rebels will be "white," and vice-versa. It has been like that for centuries. Over this long period they developed an amazing system for surviving in the mountains and they can defend themselves there for years. For example, a band of rebels enters some village and fires on our battalion. The enraged battalion commander unleashes all the battalion's fire power and reduces the village to rubble. However, while the battalion was preparing to attack, the rebels melted away, leaving only the peaceful villagers behind. When one of the survivors sees the deep crater in the place where the house once stood that sheltered his children, wife, and relatives, in fact everything that made life worthwhile for him, then he turns into a wolf. He no longer needs anything, neither glory, honors, money, nor even life itself. It is as if — How can I put it? — as if he becomes immortal.

[Gergova] People say that this is what happened to Basayev.

[Lebed] Yes, Basayev's case precisely illustrates this law. If you, a civilized person, were told that 70 men can capture a town with 100,000 inhabitants, you would not believe it. Yet they captured the town and then went home, dictating their own terms. They brought the Russian leadership to its knees. I cannot understand a peacemaker like Chernomyrdin, who says to Basayev on the telephone: "Please, what do you want?"

[Gergova] You do not agree with the way the crisis in Budennovsk was resolved, do you?

[Lebed] Of course not. If negotiations are held, they should be clean, without a single shot. The fate of 3,000 people was staked on a single card. The troops and special detachments should have sealed off the region, without firing, and this peacemaker, our prime minister, should have been there on the spot, to lead the negotiations personally. It would not be a bad thing either if he were to visit the town of Nefteyugansk, for example, which was utterly destroyed by an earthquake. That is the practice in civilized countries, there it is the normal thing to do. However, our rulers prefer to govern from their Kremlin offices.

Some time, there will be peace in Chechnya, I am sure of that. Even hundred-year wars come to an end one day. However, in Chechnya the process will take a long time; the longer the war goes on, the more "wolves" like Basayev will appear. They are uncontrollable. Incidentally, many of them are indifferent toward Dudayev. They are not fighting for him, but against Russia, but it is accepted that they are on Dudayev's side.

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[Gergova] Aleksandr Ivanovich, in a short time you are leaving for Tula to take up your new political job. Is your first trip there connected with the fact that it was in Tula that a group of officers first started a petition to nominate you as a presidential candidate?

[Lebed] I am profoundly convinced that if the Duma elections do not take place, then the presidential elections are extremely doubtful.

[Gergova] Do you think they will be postponed?

[Lebed] Certain questions hang over our president that compel him to act not according to reason, but following his instinct for self-survival. He will surely be asked to render account for the country's disintegration, for the shootout in 1993, for the economic chaos, and for the uncontrolled privatization, not to mention Chechnya. That means that only one thing remains, namely to hold on to power to the death. If the power is mine, no one can call me to account, is that not so? On the contrary, I myself can call anyone I want to account. Once I leave power, a flock of upstarts will swoop down on me and start croaking: Who? Why? How? and so on. This means that the only thing is to hang on to power. Basayev, without wanting to, is floating a new idea. For example, the following scenario may be played: They find some suitable characters, disguise them as Chechens, and get them to set off a series of explosions, such as at a chemical plant of an oil terminal; alternatively, they could damage some nuclear power plant, or send one or two district governors to kingdom come. After such an upheaval, the leaders simply shrug their shoulders and say: Look at what is happening in the country, there is smoke here, and fire there. How can you talk about elections, what is needed is to restore law and order.

[Gergova] In other words, the worse things are, the better it is for them.

[Lebed] I hope to God that I am wrong, but this is the way to stay in power. There have been other, milder suggestions. Shumeyko suggested making the president a senator for life. At one time there was even talk of bringing back the tsar's 12-year-old descendant and appointing a regent. Do you know who would be regent? Yeltsin, of course.

[Gergova] However, you will certainly stand as a candidate for the Duma, will you not?

[Lebed] Let us consider this a little. Let us say, Clinton arrives and asks: Where are your democratic institutions? Please look to the left, he is told: There is the upper chamber of parliament, while the lower chamber is on the right. There is the Constitutional Court, and there is the multiparty system. There are as many parties as your heart could desire, starting from the beer drinkers party, the sexual minorities, and so forth. In a word, all the attributes of democracy are in place. However, if you dig a little deeper, to try to find out, for example, what the Duma actually represents, oh mother! The Duma bakes the laws for itself like pancakes and then throws them out of the window. It does not care whether this causes anyone harm because the Duma lacks any controlling function. That lies in the hands of the president, and he uses it selectively: If I like you, you can live on in peace, but if I do not like you, then I will control you.

The other question is: How is the Duma financed? From the treasury of the presidential administration. It is well known that he who pays the piper calls the tune.

[Gergova] So will you run for a seat in such a Duma?

[Lebed] No, I want to create a new one.

[Gergova] Aleksandr Ivanovich, when one listens to you and watches you, one has the feeling that you do not know what fear means, or am I mistaken?

[Lebed] I am a fatalist. Three times in my life, people have tried to kill me, but they failed. I have long been firmly convinced that when your time on this earth is up, you will go. You may, for example, stumble on the stairs and shatter your skull. However, if your time has not come, you will live on. Nevertheless, we all have to go to the next world one day. Even the richest men will not be able to buy any respite. However, no one knows when his end will come. Some people believe in God, but I believe in fate. Therefore, a man should be absolutely calm, and look at life according to the saying that "the Cossack fears nothing in this world." The second saying is that a person ordained by fate to be hanged will not drown. For this reason, I do not experience fear, but remain calm.

General Interviewed on Airborne Troops

MK0308095095 Moscow MOSKOVSKIYE NOVOSTI in Russian
No. 51, 30 Jul-6 Aug 95 (Signed to press 1 Aug 95) p 7

[Interview with Colonel General Podkolzin by Aleksandr Zhilin in Moscow; date not given: "'Air Troopers Are Tired of Losses'" — first paragraph is MOSKOVSKIYE NOVOSTI introduction]

[FBIS Translated Text] The second of August marks the 65th year of Russia's Airborne Troops. MOSKOVSKIYE NOVOSTI reporter Aleksandr Zhilin managed to talk on the eve of the anniversary with Colonel General Yevgeniy Podkolzin, Airborne Troops commander in chief.

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[Zhilin] Should your troops be charged with a disarmament mission in Chechnya, would you manage it without the large-scale bloodshed that has continued for over six months?

[Podkolzin] We would not manage with one regiment, of course. But I would have long carried out the task with one full-strength combat division. Where was the mistake, you may ask? The command gathered combined units to accomplish a peacekeeping mission and sent them to Chechnya. But no one told us we were going to fight a war! Had I been told: You've got one week to make preparations; here is your combat power, and you are to perform this mission, then I would have been personally responsible for carrying it out and for the death of each soldier. It would have been up to me to decide how to carry it out. It is my own concern how to avoid losses and accomplish the mission rather than that of the president. It is not he who should be made responsible for failures in the war, but us, the military, whose job it is. However, since I nurture the troops and train them, I am supposed to fight together with them and be responsible for their actions.... Meanwhile, during the Chechen campaign, airborne troops were transferred under the command of other military commanders, who used them on the battlefield as they thought fit and then put the blame for failures on them....

[Zhilin] After the failed storming of Groznyy on 1 January, rumors began to spread from the Defense Ministry that the airborne troops acted poorly in combat.

[Podkolzin] I am proud that the airborne troops alone did not have a single deserter, not even on battlefield, not a single man surrendered voluntarily. Unfortunately, eleven men are missing in action. We know where they died, but recovering their bodies is impossible.... As for the rumors you've mentioned, these are being spread with one goal in mind — to prepare the ground for yet more reorganizations. An idea has emerged to dissolve the Airborne Troops into other troops and to create mobile forces on the basis of the Airborne Troops.

[Zhilin] Are you against this idea?

[Podkolzin] We do need mobile forces today. I am all for it. This project, though, calls for detailed calculations. We should clearly answer the question: What are we going to lose as a result of the reform and what do we stand to gain? While there is no clear answer, as a commander of the Airborne Troops I am not going to permit the Airborne Troops' disintegration. Otherwise, a crushing blow would be dealt against the country's defense capability....

[Zhilin] How would you describe the current condition of the Airborne Troops?

[Podkolzin] The troops are capable of performing any mission. Yet, I cannot keep silent on the fact that the professionalism of both officers and men has unfortunately declined. I cannot bring myself to blame this on the commanders, though. Two years ago, we pulled out two thirds of the airborne troops from the near abroad: three combat divisions, one training division, and eighteen other units. Now look in what position they have found themselves — out of 9,500 officers, 6,500 lack housing. I went to the Pskov Division not long ago; officers there have been waiting to be given apartments for 12 years.

Things got to a point where the Omsk Training Division had its boiler house shut down because there is no money to pay for fuel oil. I feel ashamed, but airborne troopers, who undergo colossal physical strain and are performing peacekeeping missions in many regions of the ex-USSR, may feed on nothing but canned food for six months running. We have no funds to buy fresh meat, vegetables, fruit....

[Zhilin] This is everyday life. How is combat training going?

[Podkolzin] A few years ago I made a rule that each soldier and noncommissioned officer was obliged to at least once every ten days drive a combat vehicle, shoot, and do parachute jumps. Today we do it once a month. We have no gasoline, the aviation has no kerosene....

[Zhilin] I was told in the Defense Ministry central apparatus that about a dozen directives have been sent to you on reforming the Airborne Troops, and they all contradict each other....

[Podkolzin] I would not like to discuss orders. I would only say that I do not see why we should run these experiments on the Airborne Troops. Our troops, which have the finest professional training, constitute as little as 2 percent of the armed forces, and they have been bearing the brunt of combat duties since 1988. The five airborne divisions which we have today have so far represented a real combat power. If we torture them with experiments, the country may end up without combat-ready units.

[Zhilin] How do you think the Airborne Troops should be reformed?

[Podkolzin] To change qualitatively the Airborne Troops there should be new equipment, arms, troop command-and-control systems and the like. If we lack funds to feed our soldiers properly and provide officers

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with apartments, all talk about ongoing military reform is worthless.

[Zhilin] Could you compare the Russian Airborne Troops with, say, the American rapid reaction forces?

[Podkolzin] Our delegation went to the United States to visit the 18th Rapid Reaction Corps stationed at Fort Bragg. It occupies an area of some 40 by 20 kilometers. It contains training grounds, a water obstacle training area, and airfields. The entire base is self-contained and compact. If we had such funding as the Americans do, we would not be talking about any reform today....

[Zhilin] How much longer are your charges going to walk the capital's asphalt?

[Podkolzin] That's what I would like to find out, too. I think it's just a shame. These guys have recently participated in combat operations in Chechnya; they were not even given a chance to rest before they were moved to Moscow. Men are on duty for 12 hours, and they rest 4 to 5 hours. They already fall down from exhaustion. They live on a parade ground and eat canned dry food. There is no end in sight of this patrolling. Honestly, I do not see that there is any need for this.

[Zhilin] What is your attitude toward the rumors that the Airborne Troops may at any minute take up police functions in "pacifying" their own people?

[Podkolzin] The Airborne Troops have never gone and will never go against the people. The troopers are themselves tired of losses. Since 1988, we have lost more people than we did in the nine years of the war in Afghanistan.

War Commemoration Committees Made Permanent

MM0208135295 Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 4

[Russian Federation Government Decree No. 709 signed by Premier Chernomyrdin on 14 July: "On the Formation of the Russian Organizing Committee To Prepare and Stage Measures Linked To Memorable Events in the Fatherland's Military History and To Deal With Veterans' Affairs" — from the "Documents" section]

[FBIS Translated Text] In fulfillment of the Russian Federation law "On the Commemoration of Those Who Fell Defending the Fatherland" (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, No. 7, 1993, p. 245) and the federal laws "On Veterans" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, No. 3, 1995, p. 168), "On Russian Combat Glory Days (Victory Days) (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, No. 11, 1995, p. 943), and "On the Commemoration of the Soviet People's Victory in the 1941-1945 Great Patriotic War" and with a view to preparing and staging measures linked to memorable events in the fatherland's military history and implementing state measures to provide social support for war veterans, military service veterans, and law-enforcement organ veterans, the Russian Federation Government decrees that:

1. The proposal from the Russian Federation Defense Ministry, the Russian War Veterans Committee, the All-Russia Council of War, Labor, Armed Forces, and Law-Enforcement Organ Veterans (Pensioners), the "War Veterans For Peace" movement, and the Russian Organizing Committee To Prepare For and Implement Measures Linked to the Commemoration of Memorable Dates in the 1941-1945 Great Patriotic War that a Russian Organizing Committee To Prepare and Stage Measures Linked To Memorable Events in the Fatherland's Military History and To Deal With Veterans' Affairs should be set up on the basis of this committee shall be adopted.

2. The appended Statute on the Russian Organizing Committee To Prepare and Stage Measures Linked To Memorable Events in the Fatherland's Military History and To Deal With Veterans' Affairs and its composition shall be ratified (Footnote) (Not being published).

3. The Russian Federation Ministry of Finance and the Russian Federation Ministry of the Economy shall make annual provision for funding for the activities of the Russian Organizing Committee To Prepare and Stage Measures Linked To Memorable Events in the Fatherland's Military History and To Deal With Veterans' Affairs when drawing up draft federal budgets.

The proposals from the Victory 50th Anniversary Fund for it to take part in funding the preparation and staging of measures linked to memorable events in the fatherland's military history shall be complied with.

4. The organizational and technical provision for the activities of the Russian Organizing Committee To Prepare and Stage Measures Linked To Memorable Events in the Fatherland's Military History and To Deal With Veterans' Affairs shall be entrusted to the Russian Federation Defense Ministry, and that ministry shall be instructed to set up a corresponding staffing system within its own structure.

Russian Federation component executive organs shall be instructed to transform the regional committees for the preparation and staging of measures linked to

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the commemoration of memorable dates in the 1941-1945 Great Patriotic War into regional committees for the preparation and staging of measures linked to memorable events in the fatherland's military history and on veterans' affairs.

6. The Russian Federation Government decrees in the appended list shall be deemed to have lapsed.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

[Dated] Moscow, 14 July 1995, No. 709

Statute on Nuclear, Radiation Safety Updated

MM0208130195 Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 4

[Russian Federation Presidential Directive No. 350-rp, signed by President Yeltsin on 26 July: "Questions of State Supervision of Nuclear and Radiation Safety" accompanied by "Amendments and Additions to the Statute on the Russian Federal Inspectorate for Nuclear and Radiation Safety" — from the "Documents" section]

[FBIS Translated Text] 1. The changes and amendments shown in the appendix shall be made to the Statute on the Russian Federal Inspectorate for Nuclear and Radiation Safety ratified by Russian Federation Presidential Directive No. 283-rp of 5 June 1992 (VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV ROSSIYSKOY FEDERATSII I VERKHOVNOGO SOVETA ROSSIYSKOY FEDERATSII, No. 24, 1992, p. 1338) taking account of the changes made to this statute by Russian Federation Presidential Directive No. 636-rp of 16 September 1993 (SOBRANIYE AKTOV PREZIDENTA I PRAVITELSTVA ROSSIYSKOY FEDERATSII, No. 38, 1993, p. 3519).

2. The Russian Defense Ministry shall implement state supervision of nuclear and radiation safety during the development [razrabotka], manufacture, testing, operation, storage, and recycling of nuclear weapons and nuclear power plants for military use;

the Government Commission for the Comprehensive Resolution of Nuclear Weapons Problems shall coordinate the activity of federal executive organs to ensure state supervision of nuclear and radiation safety.

3. Paragraph 2 of Russian Federation Presidential Directive No. 636-rp of 16 September 1993 shall be deemed to have lapsed.

[Signed] Russian Federation President B. Yeltsin

[Dated] 26 July, No. 350-rp

Amendments and Additions to the Statute on the Russian Federal Inspectorate for Nuclear and Radiation Safety

1. Paragraph 1 make read:

"1. The Russian Federal Inspectorate for Nuclear and Radiation Safety (the Russian Gosatomnadzor) is a federal executive organ under the control of the Russian Federation Government and is subordinate to the Russian Federation president on matters which the Russian Federation Constitution makes the preserve of the Russian Federation president.

"The Russian Gosatomnadzor implements state supervision of safety during the production, handling [obrashcheniye], and utilization for peaceful and defense purposes of nuclear power, nuclear materials, radioactive substances, and articles based on radioactive substances.

"The Russian Gosatomnadzor implements its activity in conjunction with other federal executive organs and Russian Federation component executive organs."

2. Paragraph 2 make read:

"2. The Russian Gosatomnadzor is guided in its activity by the Russian Federation Constitution, federal laws, Russian Federation presidential edicts and directives, Russian Federation Government decrees and directives, and this Statute."

3. Paragraph 3:

replace "state administrative organs" with "federal executive organs";

delete "and military units".

4. Paragraph 5, replace "the Russian Federation republic budget" with "the federal budget".

5. Paragraph 6:

Subsection 2, replace "Russian Federation state administrative organs" with "federal executive organs";

Subsection Four make read:

"supervising the observance by federal executive organs, enterprises, organizations, and citizens of Russian Federation legislation on ensuring nuclear and radiation safety during the production, handling, and utilization of nuclear power, nuclear materials, radioactive substances, and articles based on radioactive substances, ensuring the safety of nuclear power plants on ships transferred to industrial enterprises for recycling, and monitoring the regulations and standards governing nuclear and radiation safety."

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6. Paragraph 7:

Subsection 2, replace "Russian Federation state administrative organs" with "federal executive organs";

Subsections 3 and 7, delete "and in the development, manufacture, testing, transportation, storage, and elimination of nuclear weapons";

Subsections 11 and 14, delete "regulation and".

7. Paragraph 8:

Subsection 2, delete "nuclear weapons";

Subsections 4, 9, 10, and 16, delete "and military units".

8. Paragraph 13 Subsection 7, replace "nuclear weapons" with "nuclear technologies, materials, and their physical protection".

9. In the appendix to the Statute:

add to the title "with the exception of Russian Federation Armed Forces activities";

delete Paragraph 5;

Paragraph 7, delete "with the exception of the activities of Russian Defense Ministry military units";

renumber Paragraphs 6-11 as Paragraphs 5-10 respectively.

Federal Assembly

Gonchar Against 'Squandering' Funds on Chechnya

MK0208094495 Moscow DELOVOY MIR in Russian 1 Aug 95 p 5

[Interview with Nikolay Gonchar, chairman of the Federation Council Committee for the Budget; Fiscal, Hard Currency, and Credit Control; Money Emissions; Tax Policy; and Customs Control, by Vitaliy Reznikov, in Moscow; date not given: "Squandering Money" — first paragraph is introduction]

[FBIS Translated Text] Nikolay Gonchar, a Russian senator, chairs the most important sector in our parliament's upper house — the Committee for the Budget; Fiscal, Hard Currency, and Credit Control; Money Emissions; Tax Policy; and Customs Control. It was probably for that reason that at times during our conversation the senator's intonation was far from joyous when he spoke about what our money is being spent on and what, in the senator's opinion, its preferable use should be....

[Reznikov] Nikolay Nikolayevich, was your 20 July article on Chechnya in DELOVOY MIR prompted by your personal civic stand or your view on this matter as a senate committee chairman?

[Gonchar] Neither of the two.... My stand has been based on the interests of Russia — always, everywhere, and in all matters — and, if you like, its reputation in the world.

[Reznikov] Your idea of how the crisis in Chechnya should be resolved is rather radical. In fact, what you are saying is: "Look, guys, if you want to secede from Russia, go ahead, but be so kind as to switch to full "self-financing;" in addition, we will take back the Stavropol Kray area given to you for food production. Deal?

[Gonchar] Yes, this is exactly so. I used even more firepower. If they disagree with our concept, they need to be reminded that two Stavropol Kray rayons were assigned to them at a certain point as an indemnity. They are saying: We want to leave Russia — but we gave these rayons to you as a part of the Russian Federation. If you want to leave, give our lands back. There is another aspect, too: The people of Chechnya should themselves make a decision on this matter by means of a referendum.

[Reznikov] In your article in MOSKOVSKIY KOMSOMOLETS, I was struck by the thought that our media have played a largely negative role by reporting on the events mainly from the viewpoint of the "victimized," Dudayevite side. Do you thus question my journalist colleagues' ability to sort out a complex situation by themselves?...

[Gonchar] The problem is that both the journalists and the media themselves are badly in need of information, objective information, with which they ought to be provided by the government, the state. Last fall in this sense was a time of famine for our press. In contrast, the Dudayevite side was very generous in this respect. The state made a serious blunder here. After all, Dudayev always willingly contacted our press and shared his sometimes crazy ideas. As for his esteemed opponents in our ruling spheres, they were proudly maintaining secretive silence. Why?! Television keeps showing destroyed tanks in Groznyy, and our military department comes out with something like: These tanks are not ours — they belong to some volunteers. What volunteers?! We have lost the simplest propaganda war in Chechnya.

[Reznikov] Probably we did so not only in the people's eyes, but also in those of the army?

[Gonchar] Exactly! A soldier needs to be told why and what he is fighting for there. He must understand the purpose of this war. What is an army officer supposed to think now: First, they destroyed Groznyy, and now billions of rubles are being spent to rebuild it.

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[Reznikov] Nikolay Nikolayevich, how have your colleagues in the Federation Council and the State Duma reacted to your article?

[Gonchar] You know, I was addressing not so much my colleagues as the people of Russia.

[Reznikov] Nevertheless, you are probably not indifferent to your colleagues' opinion, are you?

[Gonchar] Unfortunately, I keep hearing something like: "Well, this was too harsh, you should not be so.... There is the world community, you know." As for the world community, it is laughing at us, saying: What are you doing, after all? Four years ago you left Chechnya, having been expelled from there; then, you did some intriguing and later re-entered with tanks....

[Reznikov] Your assessment is harsh.

[Gonchar] Maybe it is. But, when assessing any event, I always tend to be guided by Russia's interests.

[Reznikov] There is yet another question, which has long kept me ill at ease, but I will still venture to put it to you. Do you agree that the army is an instrument in the hands of political leaders? In other words that, plainly speaking, it has to do whatever it is ordered to, without arguing?

[Gonchar] The army is an instrument, indeed. But an army is made up of people, not puppets. A serviceman should understand what he is doing and why — only then can we speak about a combat-worthy army.

[Reznikov] With your permission, let us turn to current routine. Tell me, is it difficult to be a senator today?

[Gonchar] Yes, it is....

[Reznikov] At present, right now, what is causing your greatest concern?

[Gonchar] The budget.... The social sphere.... The fact that budget money, which is so hard to collect, is being squandered on Chechnya puts me out of balance.

[Reznikov] Is Chechnya presently our main squanderer?

[Gonchar] We have got many such items. I have my own opinion about the current economic policy, but, in any case, we need to spare every ruble. If, again, Chechnya is striving so much to secede, why should we channel billions to Chechnya and not to Ryazan? Why not spend them on subway construction? Why not help Sakhalin? We must not pay out of the people's budget for mistakes made by politicians, even by very high-level ones.

[Reznikov] As far as I know, next year's budget is now being worked on. Will it be better than the one for this year?

[Gonchar] It must be. There are good prospects, too. We need to define more rigidly our economic policy and the system of priorities. Money should be spent on priority matters. We should take care of pensioners, children, and young people. This is the key issue. Finally, we need to pay serious attention to our domestic industry. Russia cannot and must not be just a raw materials supplier on the world market.

[Reznikov] You were elected in Moscow. Do you manage to keep in touch with your constituents?

[Gonchar] Yes, of course! Receiving constituents in Furmannyy Pereulok every month is very helpful to me as a politician.

Regional Affairs

Reportage on Chechen Talks, Accord, Implementation

Political Issue Consultations Go On

LD0308060095 Moscow ITAR-TASS in English 0537 GMT 3 Aug 95

[FBIS Transcribed Text] GROZNYY, August 3 (ITAR-TASS) — Consultations on a block of political issues will continue in Groznyy today. Vyacheslav Mikhaylov, leader of the Russian delegation at peace talks with Chechnya believes that the consultations will focus on the formation of a transitional government in the republic. "As soon as signs of progress appear at the talks, members of the Russian delegation will immediately join them," Mikhaylov told TASS.

Meanwhile, an exchange of prisoners of war began in Groznyy on Wednesday [2 August]. Two Russian servicemen held by the Chechen side were exchanged into three Chechens outside the OSCE mission in Groznyy. The three Chechens had been brought to Groznyy from a filtration check point.

The Chechen side has handed over a list of 184 Russian servicemen, detained by Chechnya since the hostilities began, to the commission in charge of the exchange of prisoners of war. The majority of them have already been released. According to unspecified reports, seven Russian servicemen are still held by Dudayev's militants.

A crowd of people, the majority of whom are Russian and Chechen women, gathered outside the OSCE mission in Groznyy, waiting for the agreement on one-on-one exchange of POWs to take effect.

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Yarikhanov In Because Imayev 'Too Soft'

LD0308114695 Moscow 2x2 Television in Russian 1100 GMT 3 Aug 95

[FBIS Translated Text] Consultations between representatives of the federal authorities and Chechen separatists are continuing in Groznyy today. [Khozh-Akhmed] Yarikhanov, head of the Chechen delegation, said that the consultations plan to discuss and clarify the block of military issues.

Meanwhile, Yarikhanov had said earlier that the Chechen side would take a tough stand on all the issues under discussion at the talks that are due to resume on Thursday. According to certain reports, Usman Imayev, former head of the Chechen delegation, was dismissed by Dudayev precisely because his position at the talks had been too soft. Yarikhanov's statement was made at the moment when a large-scale rally in support of Dudayev and Chechen independence was being held in Samashki. Participants in the rally held the weapons they had used when defending the town last May.

Control Seen Slipping Away From Dudayev

MM0308110595 Moscow KOMSOMOLSKAYA PRAVDA in Russian 2 Aug 95 p 2

[Report by Aleksandr Yevtushenko: "Is Dudayev Making Any Decisions?"]

[FBIS Translated Text] Groznyy — "You promised me a meeting with Dudayev," I reminded Usman Imayev on the last day of the negotiations in Groznyy.

"It turns out that anyone at all can meet the president, except me," Imayev replied, a little offended.

When Dudayev gets fired up, he finds an opportunity to promote himself. For example, last Sunday he simply made an appearance on the satellite link on Radio Liberty and gave an extensive interview. "The delegation members are not empowered to conclude any agreements with Russia whatsoever." And "I have been shut out of the negotiations, no matter how often I contacted the OSCE mission on the link; any pretext has been used to refuse to let me communicate with the delegation."

I asked the leader of the OSCE mission in the Chechen Republic, Sandor Meszaros, to comment on these statements.

"Back in the early days of our mission to Groznyy I called on President Dudayev," Meszaros says. "As soon as the conversation turned to the forthcoming negotiations, Dudayev immediately introduced Usman Imayev to me and said that this person would be his representative. Later, when the negotiations had already begun, Imayev and other members of the delegation presented their credentials, which had been signed by Dzhokhar Dudayev. During the negotiations, Dudayev made the condition that any agreements were only valid if signed by all members of the delegation. This is what they did."

As yet it is difficult to say why Dudayev has adopted a more radical stance than his representatives at the negotiations. But you get the impression that control over the process of a peaceful resolution to the problems is gradually slipping from his grasp and passing to Imayev and Maskhadov. That is the retired general, Dudayev, is simply beginning to be ignored. Which is what we clearly should have expected.

Yarikhanov: Agreement To Be Fulfilled

LD0208165095 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 2 Aug 95

[From the "Novosti" program]

[FBIS Translated Text] Khozh-Akhmed Yarikhanov, education minister in Dudayev's government, has been appointed the new head of Dudayev's delegation to the talks in Groznyy, ITAR-TASS was told today by Movladi Udugov, minister of information and press in Dudayev's government.

[Correspondent Mikhail Aleksandridi] The change of leader of the Chechen delegation has engendered great many rumors concerning the fate of the military agreement. People in Groznyy again began to talk about big games being played around the talks and that the resumption of dialogue on the package of political issues, scheduled for tomorrow, would not now be taking place in the best of circumstances.

Meanwhile, according to Movlem Salamov, there have been no big changes in the position of the Chechen delegation. However, the emphasis that Dudayev's aide has placed on the fact that the Chechen side intended to go whole hog in defending its interests means that it is erroneous to suppose that there will be a quick success at the talks, or that the military agreement will be implemented without conflict.

Nonetheless, there have so far been no signs of the sides departing from the accords already reached.

[Begin recording] [Unidentified correspondent] Will there be any changes in the position of the Chechen delegation following the change within its composition?

[Khozh-Akhmed Yarikhanov] I think not.

[Correspondent] So, are we to think that the agreement that has been reached on military issues will be fulfilled?

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[Yarikhanov] Absolutely. [end recording]

Krasnov Thinks Chechens To Honor Accord

LD0208160995 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 2 Aug 95

[By Andrey Murtazin]

[FBIS Translated Text] Despite the fact that Dudayev has dismissed Usman Imayev as the head of the Chechen delegation, the agreement on a package of military issues will be implemented. Such is the opinion of Mikhail Krasnov, the assistant to the Russian President on legal matters.

[Begin Krasnov recording] By signing the agreement, the whole delegation, and in particular Aslan Maskhadov, have assumed an obligation. Personally, I have formed the impression that those with whom we have been engaged in negotiations are not the kind of people for whom the notion of honor is a hollow one. [end recording]

Krasnov considers Aslan Maskhadov and Usman Imayev the most authoritative representatives among the Dudayev side, as the chief of staff, as well as the Chief Procurator of the Chechen Republic, which is not recognized, enjoy the most influence on field commanders. The aide to the President rejected commenting on the decision of the Constitutional Court on the so-called Chechen case. However, at the same time he noted that the measures of state coercion towards Dudayev have been lawful, as the right for self determination should not contradict the territorial integrity of the state.

Mikhail Krasnov did not openly answer the question of which political forces in Russia do not want peace in Chechnya.

[Begin Krasnov recording] Yes, there are such forces in Russia. However, I cannot specifically tell you the name of any party, grouping or individual. [end recording]

Experts will continue consultations on a package of political issues in Groznyy on Thursday.

Mikhail Krasnov considers that a dialogue on experts' level on political status of Chechnya will be long enough. And here much depend will depend on how the agreement on a package of military issues is implemented.

Military Leaders on Accord Implementation

LD0308103695 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 3 Aug 95

[From the "Novosti" newscast]

[FBIS Translated Text] A special observers' commission working now in Groznyy — which includes both sides' military representatives, the councils of elders, the clergy, and OSCE representatives — has now come close to the practical implementation of the agreement on a peaceful settlement of the situation in Chechnya.

[Begin recording] [A. A. Romanov, commander of the Joint Group of Federal forces in Chechnya] Maskhadov and I decided ourselves to try and see how the process of disarmament would proceed in a village. We will personally go there. We will be meeting the people and electing temporary public bodies of power. We will be personally forming the home guard, and only after this will we give specific recommendations to field commanders.

[Unidentified correspondent] When will it happen? When do you plan to do this?

[Romanov] We are planning this for 7 August. The village?...I will let you know later what village it will be. [end recording]

Aslan Maskhadov, who like Anatoliy Romanov is co-chairman of the special observers' commission, is sure that nothing can interfere with the implementation of the agreement concluded.

[Begin Maskhadov recording] We have already embarked on the practical implementation of the block of military issues. Work is proceeding normally. [end recording]

Maskhadov also stated that none of the field commanders has exceeded his jurisdiction and all the field commanders were given the order to cease fire as of midnight on 2 August. This information was confirmed by rank-and-file troops.

[Begin recording] [Unidentified soldier] All the commanders are subordinated to Maskhadov and will fulfill his order.

[Second unidentified militant, pointing in the direction of Russian servicemen] Do you think they have not had enough of it all? They are more pleased than we are. They have been waiting for this peace so long. [end recording]

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Chechen Weapons Being Surrendered

LD0208162695 Moscow Russian Television Network in Russian 1000 GMT 2 Aug 95

[From the "Vesti" newscast; report by correspondent M. Tkachev with recorded remarks by Chechen opposition leader Ruslan Labazanov]

[FBIS Summary] "The opposition to Dzhokhar Dudayev in Chechnya is currently prepared voluntarily to surrender tens of thousands of pieces of weaponry to Russian federal forces.

"As opposition leader Ruslan Labazanov says, more than 400 villages of Chechnya with firearms intend to give them up."

[Labazanov] To surrender arms via the mosque is not against Muslim and Chechen tradition and masses of people have started going to the mosques to surrender weapons.

[Tkachev] "At a meeting with officers of the Russian federal forces, a guarantee for those surrendering their weapons voluntarily was heard. It runs:"

[Unidentified Russian officer reading from a sheet of paper] A certain person has voluntarily surrendered his weapons to the law enforcement bodies in Chechnya in accordance with a decree and is thus indentified.

[Tkachev] "...although the reaction of the supporters of Dzhokhar Dudayev, as Ruslan Labazanov claims, could lead to fresh conflict."

[Labazanov] Dudayev's fighters are trying to stop surrender of weapons.

Chechen Legal Official Comments on Talks

NC0208142295 Baku TURAN in English 0923 GMT 2 Aug 95

["Dudayev Rejects Groznyy's Protocol on Military Bloc of Issues" — TURAN headline]

[FBIS Transcribed Text] Baku /02.08.95/ TURAN — The Advisor of the President of the Chechen Republic for Legal Affairs, Elza Sharipova, in her interview to TURAN agency said the talks in Chechnya were incorrect from the legal viewpoint.

"The talks in Groznyy must have been conducted within the framework of one of three international legal norms regulating the talks if there is a conflict or an argument. These are the Charter of the UN, page 33, Geneva recommendations concerning settlement of arguments (1922) or even the Charter of the CIS", Sharipova said.

She thinks the parties to the talks must have defined whether it is a conflict concerning the territorial integrity of Russia, the sovereignty of Chechnya, the war or "establishment of the Constitution law?" [no begin quotation marks as received] It was useless to start talks without concretization of the subject to the argument, the Advisor of President Dudayev believes.

Sharipova said the sides must not have forwarded three blocs of issues — military, economic and political. "The talks should have been started with the political bloc, after settlement of which one, possibly, did not need to spend time for settlement of the others", she said.

"The document signed in Groznyy cannot have the juridical force if the signatures of the heads of the parties follow it. Dudayev rejected the protocol on military bloc of issues. Secondly, the above-mentioned protocol is intermediate, but not final, and at last, the talks were conducted with violation of the international norms of law", Sharipova said.

The Advisor paid attention to the fact that the talks started with the purpose of preparation of the meeting of the leaders of the sides, but not for signing of the documents. She thinks "hurry in signing of the protocol on Groznyy was caused by completion of the hearing concerning Chechnya in the Constitution Court at the decree of the Russian President." "The Constitution Court passed illegal resolution", Sharipova believes.

"The administration of Chechnya did not hope on positive results of the talks in Groznyy and investigation of the Constitution Court, however, the nation did", Elza Sharipova said.

Alleged Plan To Divide Chechnya Reported

MK0208131095 Moscow MOSKOVSKIYE NOVOSTI in Russian
No. 51, 30 Jul-6 Aug 95 (Signed to press 1 Aug 95) p 4

[Report by Lyudmila Leontyeva from Stavropol: "A New Redivision?"]

[FBIS Translated Text] The stumbling block at the negotiations in Groznyy is still the question of Chechnya's status.

Against the contingency of the second "voluntary affiliation of Chechnya with Russia" failing, Moscow has the idea of territorial redivision in reserve. It is already being declared by politicians with access to the Kremlin [priblizhennyye k Kremlyu]. They are in a hurry, taking advantage of their knowledge to play their own political card in the run-up to elections to local and federal bodies of power.

These suspicions were strengthened by Aleksey Kulakovskiy, head of the administration of the special ecological-resort zone of Caucasus Mineralnyye Vody,

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a territory that is formally part of Stavropol Kray but which exists as an autonomous district. Significantly, Kulakovskiy is also the president's representative in the Stavropol Kray administration. The head of the elitist "guest zone" demanded in sharp tones the "curtailment" of Chechnya: The return to Stavropol Kray of tracts of territory on the left bank of the Terek.

"I am convinced: Kulakovskiy's position is the result of his awareness of the objectives and tasks of the negotiations now under way in Groznyy," says Aleksandr Traspov, a State Duma deputy from Stavropol Kray. That a territorial redivision of Chechnya is a foregone conclusion is also suggested by Stanislav Govorukhin, chairman of a parliamentary commission investigating the war in Chechnya. He admitted that a package of legislative proposals is pending, including a bill on the return of Shelkovskiy and Naurskiy Districts to Stavropol Kray. The Cossacks, seeing how the official position is changing, are becoming more decisive. A few days ago yet another appeal was sent from Stavropol Kray to the president of Russia, signed by Petr Fedosov, ataman [chief] of the Caucasus Cossacks; and the atamans of the Stavropol, Kuban, and Don regions. In it, the Cossacks demand that the main subject of the Groznyy negotiations should be not Chechnya's political status but the return of Shelkovskiy and Naurskiy Districts, which were under the jurisdiction of the now defunct Checheno-Ingush ASSR, to Stavropol Kray.

The Chechens fear the consequences of a territorial redivision, suspecting that the Kremlin will invite the neighboring republics to partake of it, giving part of their lands to Dagestan and Ingushetia so as to remove the territorial grievances generated by Stalin and Khrushchev.

"And when not only purely Russian territories but also ethnic formations are involved in this process," Aleksandr Traspov believes, "then everybody in the region will be committed to a common idea — against Chechnya."

In fact Chechens are already being deported from Russia's Rostov and Ivanovo Oblasts and from Stavropol and Krasnodar Krays. Cossack meetings and rallies demand the eviction of all Chechens from Stavropol Kray. They are traditionally engaged in livestock breeding. When last year, as a result of provocations, many of the local Chechens had to leave shepherding points in fear, a threatening situation with respect to the maintenance and safety of sheep emerged on a number of farms in Stavropol border areas. At the time the kray authorities managed to avert Chechen pogroms. But the terrorist act by Shamil Basayev primarily hit the Stavropol Chechens, many of whom have lived in Stavropol Kray for decades. The Cossacks were especially brutal in Budennosvk District where, according to official data, there are approximately 500 Chechens and where only five [new] Chechens were registered as permanent residents in the past year. In the village of Terskoye in Budennovsk District the local Chechens were warned: If you do not leave voluntarily, we shall set fire to your homes. Approximately 100 families hastily left, abandoning their homes, cattle, and property, which was immediately set upon by marauders. In the village of Orlovka, a Chechen home was set on fire while an explosive device was hurled into the courtyard of another Chechen family. In the village of Filimonovskaya a militia division inspector and the local ataman forcibly confiscated passports from a Chechen family, canceled their residence registration, and ordered them to leave the village within three days. The head of the family sought justice in Stavropol City. But the overwhelming majority of Chechens consider it senseless to appeal to law enforcement bodies whose representatives themselves participate in illegal operations.

The deportation of Chechens from Russia is being attributed to Basayev's terrorists. But the reaction by voters in Russia's southern areas has apparently also been calculated in advance; there, according to the organizers of such actions, they should boost the popularity rating of Chernomyrdin's Home [Russia Is Our Home] and of the president himself. The latter counts, not without reason, on the support of the Russian Cossacks, whose votes Yeltsin remembers at critical moments in his career.

OSCE Envoy Gyarmati Comments on Talks

AU0108200195 Budapest MAGYAR HIRLAP in Hungarian 1 Aug 95 p 9

[Interview with Ambassador Istvan Gyarmati, leader of the OSCE's peace mission in Chechnya, by unidentified correspondent from the Atlantic press service; place and date not given: "The Chechen War Has Not Yet Ended — Gyarmati: Negotiating Table and Bulletproof Vest"]

[FBIS Translated Text] Ambassador Istvan Gyarmati is a personal envoy of the OSCE's chairman, and leader of the OSCE's peace mission in Chechnya. A correspondent of the Atlantic press service interviewed him on his experiences.

[MAGYAR HIRLAP] In Budapest, it was mentioned a number of times that the OSCE's attention should be concentrated on crisis prevention. However, can conflicts be prevented?

[Gyarmati] In theory they can, but not so much in practice because attention is usually directed to a crisis

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when it has already broken out. In my view, the OSCE's main task is complex crisis management — meaning prevention, handling, and stabilization after solving it. It would be very difficult to place certain situations into any of these categories. For example, the OSCE's chairman in office appointed the Bosnian ombudsmen in January, although he was aware that we were not yet at the end of the war. Sometimes the already existing tensions foreshadow the danger of a later conflict. In my view, the Estonian and Latvian situations are examples of this where the problems of the Russian minority can be a source of danger.

[MAGYAR HIRLAP] If you had to list the OSCE's problems, which one would be the biggest?

[Gyarmati] It is no accident that the Chechnya mission has come to the forefront of attention. The OSCE fulfills a classical crisis management role here; it is trying to promote political talks and protect human rights at the same time. One has to be prepared for everything when performing such a wide-ranging task. The fact that we sit down at a negotiating table in the Baltics and that we get to the — otherwise besieged — presidential palace in Groznyy in bulletproof vests among dead bodies lying in the streets are all part of this.

[MAGYAR HIRLAP] It was a surprise that the Hungarian and Russian delegations suggested at the OSCE's recent Ottawa parliamentary general assembly: The organization should declare that the Chechnya crisis has to be settled on the basis of the Russian Constitution.

[Gyarmati] At the CSCE's Vienna conference, after the joint Hungarian-Canadian proposal was submitted on the national minorities, many people were shocked that, in addition to Canada being a co-author, the issue was the national minorities. At that time this was sacrilegious; however, since then it has been proven that this meant a new phase in the history of the CSCE. If we take it seriously that this Russia is different from the former one, if forces do exist in the service of democratic development, then we have to support these. We must declare that we support Russian democracy.

[MAGYAR HIRLAP] Will the OSCE have its own military force that can be used for peacekeeping or possibly for creating peace?

[Gyarmati] I do not believe that the OSCE should have a permanent military force. In conflict situations, the political process leading to settlement is the most important factor. Peacekeeping can support this process. We should concentrate on political means.

[MAGYAR HIRLAP] What do you consider the biggest achievement of the Hungarian presidency?

[Gyarmati] The Chechnya mission where we might have now managed to come to an agreement. However, in my view, it is also a success that we managed to get the sides to sit at a negotiating table. I also consider the OSCE's activities in Macedonia [The Former Yugoslav Republic of Macedonia — FYROM] successful where, together with the international community, we prevented the further spread of war. The tensions arising from the situation of the Russian minority living in Estonia and Latvia have also been significantly reduced. However, let us not forget about Moldova, either, where contacts have also been made between the opposing sides.

[MAGYAR HIRLAP] What do you feel to be a failure?

[Gyarmati] The fact that we did not manage to prevent the bloodshed in Chechnya. No kind of OSCE successes can bring the more than 10,000 dead back to life.

Infighting Reported Among Dudayev Field Commanders

MM0208123695 Moscow TRUD in Russian 2 Aug 95 p 1

[Unattributed report: "Chechnya: Dudayevites in Disarray"]

[FBIS Translated Text] Most field commanders in Dudayev's armed formations are refusing to carry on the war. Your ITAR-TASS correspondent was told this yesterday over the telephone from Groznyy by a senior staff officer from the combined grouping of federal forces in Chechnya who wanted to remain anonymous.

According to him, some field commanders close to Dudayev are voicing their intention of taking power by force. This information is coming in from Shali, Vedeno, and Argun.

Some guerrillas are infiltrating population centers and expressing a desire to join the militia [opolcheniye], which is being set up as envisaged by the agreement. We learned from well-informed military sources that on Monday [31 July] that Dudayev, Geliskhanov, and Maskhadov held meetings of field commanders in various population centers. Dudayev still claims that the signed agreement is "illegal" since it was adopted without his approval.

Certain facts illustrate that field commanders have lost their former unanimity and unity. It is obvious that settos have begun among them. At one meeting there was a clash involving weapons, as a result of which one field commander was killed and two were injured.

The overt verbal wrangling on the air also attests to the disarray in the Dudayevite camp. Dudayev's "comrades

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in arms" are using the most foul language toward one another.

At the same time Dudayev's supporters are holding rallies in Shali, Shelkovskaya, and Gudermes. The number of people involved in them is negligible. The situation is under the control of the combined command. The rallies are occurring without clashes.

But the officer stressed that some of Dudayev's supporters are reluctant to reconcile themselves to the signed agreement. They are doing everything they can to destabilize the situation. Guerrillas shelled Russian posts 21 times last night. As a result of the latest nighttime shelling, one soldier was killed and two others were injured. The federal forces opened retaliatory fire on six occasions.

Former Aide Explains Basayev's Motivation

MM0308113695 Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 95 p 2

[Report by Vladimir Yanchenkov: "Chechnya: Shamil Prepares To March"]

[FBIS Translated Text] Groznyy — One of the central provisions of the agreement signed in Groznyy on a range of military issues was the unanimous condemnation of acts of terrorism and sabotage. In this connection, the question of the fate of Shamil Basayev, the butcher of Budennovsk, and his underlings in that bloody tragedy is again exercising public opinion. According to the agreements reached, the Dudayev side pledged to help Russian law-enforcement organs to find and bring to justice the organizers of that barbarous act.

Amazingly, the right decision was made and people are expecting revenge for what was done, but Basayev himself and his gang are flourishing in the mountains and continue to nurture new bloody plans.

I do not know what measures Russia's "competent organs" and the famed "Alpha" and "Omega" groups are planning to take, but the road to Basayev's lair has long been an open secret even to journalists accredited in Groznyy. Christine Freeland, a correspondent for London's FINANCIAL TIMES, visited him literally the other day. Basayev received her with the cordiality of a man of the mountains, told her about his readiness to continue his acts of terrorism in Russian cities, and proudly demonstrated five Stinger surface-to-air missile systems that had been delivered to him from abroad.

The Chechens themselves — the politicians, public figures, and ordinary people with whom I have met — have been indignant about the terrorist Basayev. Here is the opinion of a man who was on friendly terms with him. Shamil Beno, the former foreign minister in the Dudayev cabinet, had previously resigned in protest at Dudayev's adventurist domestic and foreign policy. He is now in charge of the Caucasian Research Institute and actively participates in the negotiating process to reach a peaceful settlement to the crisis in the Chechen Republic.

"I am very sorry," he said, "that Shamil Basayev and Chechens in general did this thing. I think he did it because the ideological supporters of Chechen independence were unable to uphold their position by peaceful, political means.

"In purely military terms the events in Budennovsk are linked to the seizure by Russian troops of the rayon centers of Vedeno, Shatoy, and Nozhay-Yurt. The gunmen did not expect the Russian Army to move into the mountains. To consolidate his ranks, Basayev had no option but to take this action so as to show the other gunmen that there were real opportunities for continuing the struggle."

We can agree with Shamil Beno, but with major reservations. Dudayev's supporters were not just unable but categorically unwilling to resolve the conflict through peaceful political means at that stage. This is shown by the endless violations by their side of the moratorium on hostilities even during the negotiations. Second, Basayev's bandit act cannot be seen as a "real opportunity for continuing the struggle." It was no accident that this bloody terrorist attack was deemed inhuman and barbarous not only in Russia and Chechnya but throughout the world.

Nonetheless, the position of Shamil Beno, a prominent public and political figure in the Chechen Republic, debunks yet again the well-known TV report by Independent Television reporter Yelena Misyuk, which claimed that Basayev was seeking revenge for the deaths of his wife and six children. For ROSSIYSKAYA GAZETA readers' information — according to reliable sources, Shamil Basayev has three wives and they are all alive and well. None of his children has been hurt.

After the signing of the agreement on a number of military issues there was no easing in the working pressure at the OSCE residence where the talks were being held.

Aslan Maskhadov reaffirmed that the Chechen side was prepared to resolutely stop the fighting and bring peace back to Chechen soil.

A sharply discordant note was struck by the statement by Akhyad Idigov, chairman of the Chechen Republic of Ichkeria parliament. He criticized the Russian Federation Constitutional Court ruling on the Chechnya prob-

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lem, claiming that it could have a bad effect on Russia's fate.

"We are proud of Shamil Basayev," Idigov said, "a man whom the Russians are trying to paint as a bandit."

Meanwhile, the sociopolitical situation in the Chechen Republic over the past few days has notably stabilized. But the opponents of the peace agreements are continuing to provoke the federal troops. On 1 August, a Russian Armed Forces armored train accompanying a trainload of national economic goods was bombed on the stretch of track between Dzhalka and Gudermes.

Conditions for Federal Troops's in Chechnya Shown

LD0208221595

[FBIS Editorial Report] Moscow Russian Public Television First Channel Network in Russian at 1700 GMT on 2 August carries on the "Vremya" news program a 4-minute feature that is one in a series of video reports by correspondent Aleksey Denisov, who had spent a week with the Russian federal troops in Chechnya. Denisov says the Russian military are keen that the public back home should know all about their difficult life in Chechnya: "The commander of the joint group of forces, Anatoliy Romanov, an educated and cultured man, told us: you can film everything as you see it, we have no secrets from Russia."

Denisov says the army is honestly doing its duty but the state seems to have forgotten all about it:

"A soldier living in the trenches and risking his life every day is paid 40,000 rubles [R] a month. An officer gets R300,000 for half a month spent in Chechnya. Many have no flats of their own and their families have to share accommodation. None of them could even dream of earning the amounts paid to Chechen irregulars."

A unit commander complains that he is paid less than a bus driver in Moscow and that lower ranks could not even afford to eat out once a month. "Things have got to the point when officers departing from Chechnya often leave their belongings to the soldiers, including underwear and socks," the correspondent adds. He says soldiers are living in extremely difficult conditions but still do not complain.

An officer says: "Only the Russian soldier can stand this sort of thing. No one else — no American or Frenchman would stick it out. The physical hardships are severe and the moral conditions too. Soldiers are not getting enough sleep; on average they sleep three to four hours a day. They live in trenches and dugouts for two or three months at a time. If you saw under what conditions the soldiers are carrying out their duty, you would take off your hat to them."

The correspondent say the troops in Chechnya are getting cooked meals regularly, but the choice of food is very poor, and it is impossible to supplement it in any way because no one has any money. He says, over the footage of soldiers patiently eating some soup, that they had just watched a TV report on a grand reception at the Moscow Film Festival. The correspondent concludes by saying: "Frankly speaking, we were ashamed to look those lads in the eyes because we could not explain to them why our huge Russia, which squanders millions of dollars on entertaining some film stars from Moscow and abroad, is unable to provide decent food for its husbands and sons who did not choose to go to the trenches of Chechnya."

Article Views Chechnya War: Time for Sobering Up

MM0208161895 Moscow IZVESTIYA in Russian 2 Aug 95 pp 1, 2

[Article by Aleksandr Golovkov of IZVESTIYA's Analytical Center: "Who Does Not Want Peace in Chechnya"]

[FBIS Translated Text] It takes only a few days to start a military conflict but years to end it and achieve a settlement. Especially an internal conflict, which is known to be detrimental to the country where it flares up, irrespective of the progress of the actual hostilities. Therefore, the reaching of an initial accord at the talks in Groznyy should be regarded as a victory for all participants in the dialogue.

When signing the agreement, A. Maskhadov stated that "on both sides there are forces interested in continuing the conflict." A. Kulikov, his enemy on the battlefield and partner in the talks, expressed himself more frankly: The document signed in Groznyy "will not be greeted with ecstasy in Groznyy, in the mountains, or even in Moscow." A. Volskiy added that the implementation of the agreement's provisions is encountering increasing resistance, which is coming from "the basest sort of people."

The real "heroes" of the Chechen War remain in the shadows. Who are they?

Dudayev and Others

The cessation of hostilities and the subsequent disarming of gunmen, if it takes place, will create a new reality in the republic. Real power will belong not to "the man with the gun" (as for the past four years) but to the person who succeeds in obtaining this power by more

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or less legitimate means. Many of Dudayev's current supporters will turn from "masters" into mere mortals. Sooner or later somebody will have to answer for their "escapades," which are currently being put down to the war.

That is why the ranks of the "irreconcilables" on the Chechen side are fairly dense. Leaders of aggressive separatism on a Caucasus-wide scale can be discerned behind the field commanders. Those who placed reliance on conflict with Russia, who zealously inflamed interethnic conflicts large and small in order to ultimately light one big fire on both sides of the Caucasus range in the area from the Black Sea to the Caspian Sea. (Karabakh, Chechnya, South Ossetia, Abkhazia, the Ossetian-Ingush conflict, Budennovsk — this is the geography of open centers of conflict).

Dudayev himself is merely one of many, and possibly not the most "hard-line." He is now in a fairly difficult position. A considerable proportion of his supporters in Chechnya want to settle the conflict at the negotiating table. Against this background, the separatist leader looks like a hostage to his own intransigent position. Hence his verbal "slalom," eccentricities, and bizarre statements. Dudayev cannot afford to unilaterally break the accords that have been reached, but he wants to retain the possibility of renouncing them to some extent or other if circumstances allow. He is already unilaterally "revising" the agreement, at least as regards assistance in capturing Sh. Basayev's gunmen, to which the Chechen delegation in Groznyy agreed (but Dudayev calls the terrorist ringleader a national hero who deserves encouragement).

All this is going over the same ground. During an exacerbation of the political situation in Chechnya in January 1993, talks were being held in Groznyy between the leadership of the Chechen parliament (Chairman Kh. Akhmadov) and a Russian parliamentary-government delegation (Shakhray, Abdulatipov), which culminated in the signing of the Protocol on the Delimitation of Powers Between the Chechen Republic and the Russian Federation, but Dudayev declared this protocol invalid. Chechen Premier Ya. Mamadayev was soon accused of treason and removed from his post for having contacts with the Russian Federation Government. Dudayev then accused the entire Chechen parliamentary leadership of treason.

Let us imagine the following hypothetical situation: The withdrawal of Russian troops starts being implemented before the real disarmament of Dudayev's formations. The internal political situation in Russia will not allow this process to be slowed down. Then Dudayev could quite easily start saying that he never agreed to the disarmament of his detachments and that the treaty with Russia was signed by certain "traitors" like U. Imayev.

Moscow. "Party of War"

Not for nothing did Caucasus scholar A. Volskiy mention (but not name) Moscow's opponents of a peace settlement. After all, Moscow has already had a chance to sit at the negotiating table in conditions similar to the current conditions, but in a much better atmosphere (without the pressure of the "Budennovsk syndrome").

The signed agreement largely repeats the proposals made by Russian Head of Government V. Chernomyrdin on television back on 16 January this year. As early as the 17th-18th he met with Chechen Republic representatives — the selfsame Usman Imayev and Taymaz Abubakarov, Chechen minister of the economy and finance, who, according to them, were "authorized to hold talks on a cease-fire with the Russian Government." The Chechen delegation then met with S. Shakhray and V. Mikhaylov, who reportedly appeared at the meeting on the premier's instructions.

So the talks, on the same subject as now and with almost the same personnel, already seemed to be beginning. But a cease-fire did not follow.

At the time, certain Russian mass media assailed the military for being uncompromising. But a little later, on 14 February, it was Kulikov and Maskhadov, the leaders of the warring armed forces, who were the initiators of the fragile truce. In particular, they agreed to exchange prisoners and dead bodies. (A typical detail — at one stage of the talks the Russian delegation was joined by the hitherto totally unknown Major General Vladimir Bokovikov, deputy commander of Missile Troops and Artillery, who in 1981-1982 was Maskhadov's immediate commander in the Southern Group of Forces. This fact was reported to have greatly helped to bring the sides' positions closer together).

Unfortunately the February attempt at making peace [zamireniye] was not developed in the political leaders' dialogue. Evidently it was this episode that Maskhadov had in mind in his 30 July statement, noting that, when he entered into contact with the Russian military to prevent bloodshed, "...the politicians interfered and the slaughter continued."

Another typical detail: According to a Radio Liberty report a document prepared in the Russian Federation Security Council apparatus described Chechen General Prosecutor Usman Imayev as a key figure in the Chechen drugs trade.

If this report did indeed emerge from the bowels of the Security Council, the said fact can be viewed as

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a way of discrediting the main partner in the talks, which is obviously aimed at wrecking them. Who tried to instigate it? At any rate, not the government and not the command of the military force grouping operating in Chechnya.

Back in December last year there was a tidal wave of material in the mass media revealing the existence of a certain "party of war" in the highest echelons of Russian Federation power. The key figures in the "party" were mentioned by name — A. Korzhakov, O. Lobov, P. Grachev, and others. But a war as such has never been and is not an end in itself for this group of high-ranking people.

At some moment it was concluded on the basis of an incorrect analysis of the situation in Chechnya that the removal of Dudayev's regime by force would not present any particular difficulty (hence the famous comment "one parachute regiment, which would solve everything within two hours").

It was at this time that the latest "top-level crisis" occurred, whose outward manifestations were "Black Tuesday" and the subsequent personnel shakeup, a series of exposes of corruption in the Defense Ministry which culminated in the tragic death of D. Kholodov, the Security Service "raid" on "Most-Bank," and a number of less significant episodes. The combination of all this "dented" the president's standing, as a result of which the question of upcoming changes in the country's top political leadership frankly became painfully acute. But what better to strengthen the falling prestige of the authorities and their power structures than a "small victorious operation" which crowns great state-building?

A serious miscalculation in the assessment of Chechnya's political situation and military potential preceded the beginning of the campaign, and its progress clearly revealed the professional unsuitability of many high-ranking figures, above all among those most belligerently inclined. Those who, like Dudayev, became hostages to their own tough rhetoric and the demands of the unconditional "disarmament of illegal armed formations," and so on. To agree to the method of a gradual compromise solution of the conflict during long and difficult talks which was proposed by Chernomyrdin and accepted by the Chechen side (at least by a certain section of Dudayev's supporters) would mean that very many people in Moscow would have to acknowledge their own ineffectiveness. Apart from anything else, the implementation of a peace settlement "a la Chernomyrdin" would give the premier's team appreciable advantages during the "tug of war" in the Kremlin's corridors of power. Consequently, the multitude of personal ambitions which have been counteracting the dialogue have merged into a powerful corporate interest. An interest that is of a purely negative character, because the "party of war" has been unable to put forward a realistic, positive program for a political settlement.

The enormous harm to Russia done by the Chechen War has manifested itself in international affairs. The first warning of the possible degradation of Russia's state dignity was the insistent demand of its European home neighbors to include OSCE structures in the peacekeeping process in the internal Russian conflict.

This demand was accepted after some procrastination and the next round of talks began 25 May — this time under international patronage. Everything broke down again. Evidently some of the Russian Federation's top leaders believed that the war was just about to end of its own accord. Without taking account of the specific nature of the Chechen mentality, the peculiarities of the Caucasian theater of military operations, or the classic experience of civil wars, which have a tendency to drag on for decades in the absence of a political settlement. Russia paid with the Budennovsk tragedy for this blind self-confidence of the upper echelons.

Now it seems that the time for the top echelons of Russian power to sober up has come. For their part, the Chechen separatist leaders, whatever belligerent statements they may make, must understand that they will not be able to continue the war. If, after the final rout of Dudayev's formations, resistance takes the form of a guerrilla war, this will be a different war waged by different leaders. The Chechen people, and the whole of Russia with them, will incur losses which sooner or later will force a return to the same negotiating table.

In this war only one victory for Russia is acceptable — the victory of peace over war.

As Volskiy, a man undoubtedly close to the premier, said, "those who want to continue the war must be removed from the political arena. Especially if they are associated with the country's leadership."

Chechen Militants Surrender Arms in Dagestan

LD0308101695 Moscow ITAR-TASS in English 0932 GMT 3 Aug 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, August 3 (ITAR-TASS) — The large group of Chechen rebels surrounded by Russian border troops and Interior Ministry units in Dagestan highlands last night surrendered some of the weapons on the night to Thursday, military sources told ITAR-TASS.

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According to the sources, a convoy carrying automatic guns and mobile anti-tank installations had been stopped en route from Azerbaijan towards Southern Chechnya.

One part of the convoy had been intercepted by Federal Security Service (FSB) forces a week ago in a wooded area close to the village of Kharada.

Area was then surrounded by frontier guard units and Russian Interior Ministry troops before negotiations began. After days of talks the rebels turned in some of the arms the convoy had been carrying in packs but refused to lay down their own weapons.

According to specialists, the rebels only agreed to give up some packs of arms after receiving an ultimatum on Tuesday: Surrender or be killed.

The rebels were obviously playing for time when they agreed to turn in the contents of the packs. They have not yet lost the hope to break through the ring of troops surrounding them.

They are well aware of the fact that the Federal Security Service is interested in keeping them alive for interrogation about the arms supply routes and "windows" on the border between Russia and Azerbaijan.

It is not clear at this point when the operation is likely to come to an end but, to all appearances, the gang specialising in arms transportation to Chechnya will cease to exist.

Sources in the Dagestan Interior Ministry told ITAR-TASS in Makhachkala that the surrounded rebels were armed with automatic guns and grenade launchers. They also carried enough food to allow them to stay in the thick of the forest as long as possible.

For all that, the riot police units, FSB forces and border troops are on the alert and ready to advance for close-quarter combat.

The sources in the Dagestan Ministry said no order to attack the convoy has been issued in order to avoid unnecessary bloodshed. Another obstacle to attack is a thick fog and rain that keep the troops from beginning the assault.

Dagestan Deputy Dies From Wounds in Makhachkala

LD0208235595 Moscow ITAR-TASS World Service in Russian 2333 GMT 2 Aug 95

[by Gadzhi Shamov]

[FBIS Translated Text] Makhachkala, 3 Aug (ITAR-TASS) — Ivan Ivanov, head of the Tarumovka district administration and deputy of the Dagestan National Assembly, died on Wednesday [2 August] night in a hospital from wounds received during an assassination attempt on 1 August. Several unidentified individuals fired automatic weapons at Ivanov in the courtyard of his house and fled. The motives for the crime are not known yet and a criminal investigation is under way.

In the past two years, there have been more than 10 murders and assassination attempts committed against peoples' deputies and officials in Dagestan. None of these crimes have been solved.

Elements in Chechnya Elections Assessed

954F2935A Moscow MOSCOW NEWS in English 7-13 Jul 95 No 26, p 3

[Article by Dmitry Balburov: "Chechen Elections: the Tajik Variant"; first two paragraphs are introduction]

[FBIS Transcribed Text] The free election of a new parliament is one of the main issues at the peace settlement talks in Grozny.

At best the elections will take place not earlier than November. But Chechnya is already beginning to prepare for them.

Parties and Movements

Civilized politics does not exist in Chechnya. The parties and movements are small in number and practically unknown to the electorate, Dudayev's General National Congress of the Chechen People (GNCCP) effectively dissolved itself two years ago. The movements opposed to it such as Daimokhk (led by Lecha Umkhayev) and Marsho (led by Abdula Bugayev) are better known in Moscow than in Chechnya.

This year Lecha Magomadov, former Second Secretary of the Central Committee of the Communist Party of the Checheno-Ingush Autonomous Soviet Socialist Republic (CIASSR), made an attempt to set up a Republican Party of Chechnya, but has had little success. Perhaps public organizations in Moscow, such as Doku Zavgayev's Assembly of the Chechens of Russia and Zhabrail Gakayev's Chechen Cultural Center, will create subsidiaries in the republic which will with time be transformed into political parties, but the likelihood of this is rather small.

Leaders

In the present situation electoral success can be achieved solely by those who command prestige and are capable of creating mass movements and parties "in their own image." Their roster will certainly not include the leaders of the utterly discredited Provisional Council — Umar Avturkhanov, Beslan Gantemirov, Lecha Saligov and Ruslan Madiyev — nor will they accept Yaragi

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Mamodayev, head of the "government of people's trust." Should they venture to run in the elections, Yusup Soslambekov, a former active member of the GNCCP and the Confederation of the Peoples of the Caucasus, and Dudayev's retired colleagues Gersolt Elmurzayev and Bek Mezhidov all stand a tolerable chance at winning.

Ruslan Khasbulatov is also unlikely to score success in the elections. The ex-speaker of the Russian parliament has nearly lost his erstwhile charisma among the Chechens. In the most trying time for the republic — November and December last — Khasbulatov adopted a pro-Russian position and spoke of the Dudayev regime's crimes, and then retired altogether. Khasbulatov may only be supported by the members of his clan in the Tolstoi-Yurt village and the Nadterechny District, yet Khasbulatov's clan, though one of the oldest in Chechnya, is not too numerous.

Salambek Khadzhiyev, the incumbent head of the national renaissance government, has become a person whom most Chechens can wreak their anger and vexation on. His consent to head the puppet government was unexpected in many respects — by so doing Khadzhiyev doomed himself to oblivion. It is clear that his clansmen alone will vote for him.

Doku Zavgayev, the former party leader of Chechena-Ingushetia, a person who is the most acceptable for the Kremlin, is gradually becoming Candidate Number One to the role of national leader. He cannot be reproached with anything — neither with the oil machinations and corruption of Dudayev's times, nor with the unleashing of the civil war or with the massacres staged by Russian troops. The idea of restoring Zavgayev's Supreme Soviet, which was first given currency in January, was sounded again at the recent talks in Grozny. It was voiced by Sanaki Arbiyev, Zavgayev's closet associate.

In the view of Abdurashid Dudayev, president of the Association for the International Liaisons of the Muslims of the CIS, the return of the CIASSR Supreme Soviet is impossible for a number of reasons, the main of them being the fact that Chechnya and Ingushetia have fallen apart. Doku Zavgayev has told the MN correspondent: "I am a Chechen, and I will not keep aloof no matter what cakes they may seduce me with in Moscow."

It isn't likely that the experienced Zavgayev (now an adviser in the Yeltsin administration) will take any rash steps, but he is sure to act. Numerous delegations from Chechnya have invited him to return, but Zavgayev has not yet disclosed his plans. From the interview he gave to MN, it is clear that he will not return to his native land as long as the war continues, although he maintains that elections must be held as soon as possible.

Zavgayev's participation in the likely elections is more predictable than the role of another authoritative Chechen — Aslan Maskhadov, the leader of the armed resistance. The half-year war with the Russian army has brought him wide popularity and respect not only among the people, but even among the supporters of Dudayev's rabid foes — Gantemirov and Avturkhanov. Nominally the chief of staff, Maskhadov has in fact become the commander, organizer and inspirer of Chechen armed formations. Way back in the 1980s when he served as a regimental commander in the group of Soviet forces stationed in Hungary, Maskhadov enjoyed a reputation of one of the most competent and skillful officers. Testifying in his favor is also the fact that he comes from a country clan whereas the bulk of people's volunteers is made up of those coming from urban clans. In this way, Maskhadov will be assured of the votes not only of his comrades-in-arms in the struggle against Russia, but also those of his countrymen and relatives, for instance, from the Nadterechny District.

The Russian authorities will hardly permit Dudayev to run in the elections —something which the president and the prime minister have spoken about on more than one occasion. But if this happens, the Maskhadov-Dudayev bloc may become the favorite of the election campaign even if elections are held at the point of Russian soldiers' submachine guns. Apart from the fact that Dzhokhar Dudayev, next to Aslan Maskhadov, has now turned into a likeness of the British Queen, he has remained the symbol of the Chechen nation, a person who has become the talk of the day.

As far as Dudayev's personal entourage — Zelimkhan Yandarbiyev, Sultan Geliskhanov, and Eduard Khachukayev — is concerned, these are largely ephemeral figures in politics and therefore cannot count on success. Clans

There is also a reverse side to reliance on clan structures. The leaders of clans can bring the war to a halt and achieve national reconciliation, but this is fraught with the danger of another confrontation. Relations between the Vainakh clans have never been cloudless, regulated as they are by an intricate system of restraints and counterbalances, including the institution of vendetta. Dzhokhar Dudayev was the first to drive a wedge between the clans by publicly calling one of them a "clan of slaves and cowards." The war against Russia has deepened this rift.

Standing apart in Chechnya are two giant clans — Benoi and Gendergnoi —each of which with a membership

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of about a hundred thousand, and also several smaller clans — Gunol, Cheberloi, Varandol. Nor is it possible not to reckon with the Myalkhi clan, which includes both Chechens and Ingushes. The aforesaid clans may simply suppress their rivals in the vote count, whereas their leaders will become "ministers without portfolio," which will hardly be to the liking of representatives from the other clans.

What Do We Have?

Chechnya has been split into two parts — the warring and the "pacified." There are practically no families untouched by the war.

If the elections take place nevertheless, they will be held according to the Tajik scenario — rigged, with minimum participation by international observers and at the point of Russian arms. Most likely the "pacified" valley alone will go to the polls, whereas the warring mountains will reply with a refusal.

Dagestan Politicians Selected for Posts

954F2951B Nalchik SEVERNYY KAVKAZ in Russian 29 Jul 95 p 5

[Article by E. Urazayev: "The Leaders of the Parties and Movements Are Taking Leadership Seats"]

[FBIS Translated Text] The past months have been marked by the appointments and election to leading positions of leaders of parties and national movements of Dagestan. Thus, the chairman of the executive committee of the Avar popular movement, G. Makhachev, made a dizzying career in four years—from foreman to general director of the Dagneft joint-stock company. The chairman of the Islamic Party of Dagestan, Dagestan State University assistant professor S. Asiyatilov, was elected deputy chairman of a committee of the People's Assembly, theoretically on the same footing as the position of a deputy minister. The former first secretary of the Karabudakhkentskiy Rayon Committee of the CPSU and rayon soviet chairman U. Nasrudinov, well known for his open support at one time of the GKChP [State Committee for the State of Emergency] in 1991 and removed from his position, has returned in triumph now to the head of the rayon administration. Before his appointment to this post by the State Council of the Republic of Dagestan, in 1993-4 he made the Kakashurinskiy kolkhoz, which he headed, famous for its successes, and became first secretary of the newly formed Communist Party of Dagestan and chairman of the rayon deputy assembly.

Finally, a last piece of news that evokes a contradictory response in political circles is the appointment to the position of chairman of the committee on the fishing industry under the Government of the Republic of Dagestan of M. Khachilayev, chairman of the Council of the Lak popular movement Kazi-Kumukh. A former USSR master of sport in a type of single-combat sports, the head of the executive committee of a village soviet of people's deputies, and then manager of a nonstate concern, he was elected recently a deputy to the People's Assembly and has now become almost a member of the government.

Perhaps, what unites all of these is a persistence and activity in the political life of the republic in recent years, vacillating between radical opposition and moderate support of the republic leadership. Whether these appointments are a compromise, or whether they are dictated by necessity, time will tell. The only thing that is clear is that now careers are made not only through patronage.

Yabloko Branch Formed in Kabardino-Balkaria

954F2942A Nalchik GAZETA YUGA in Russian 28 Jul 95 p 1

[Article by Sergey Pavlov: "O.K., Grigoriy?... A Kabardino-Balkar Branch of the Yabloko Association Has Been Formed"

[FBIS Translated Text] The constituent conference of the regional branch of the Yabloko all-Russia social movement was held on 25 July in Nalchik. Representatives of six rayons of the republic were present, and Valeriy Borshchev, deputy of the State Duma, and Yabloko faction expert Aleksey Kuzmin came from Moscow.

Addressing those assembled, Valeriy Borshchev observed that the faction's Kabardino-Balkar branch had been formed not from the top but in accordance with the wishes of local inhabitants who share the Yabloko program. He said also that Yabloko was the sole faction in the Russian Parliament which not only has not fallen apart and has not lost its members but has acquired new ones.

According to Valeriy Borshchev, the Yavlinskiy-Boldyrev-Lukin bloc had been formed originally as a democratic, constructive opposition to the government and such is it now also. "We differ from Russia's Choice, specifically, in our approach to privatization. We were opposed to the check privatization from the outset," Valeriy Borshchev said. He observed also that privatization of the land needs to be approached with regard to the salient features of the region. In his opinion, a federal law on privatization of the land is essential, of course, but how it should be executed and in terms of what should be decided locally.

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Those assembled adopted the rules and program of the regional branch of Yabloko and elected an auditing commission and a 21-man council, which included Mukharbi Shevlokov, deputy minister of economics of the KBR [Kabardino-Balkar Republic], Feliks Kharayev, general director of the Kabbalkavtotrans, and Boris Marshenov, principal founder of the Zel-Bet security company.

Boris Tlyanchev, leader of the KBR Children's Fund, was elected chairman of the branch, and his deputy is Yuriy Bednev, cochairman of the Committee for Interethnic Relations of the KBR Parliament.

Boris Tlyanchev observed in his speech that the faction's Kabardino-Balkar branch would at the upcoming parliamentary elections unite with movements that share Yabloko's views. "The possibility of our association with other blocs also (except extremist and fascist blocs) in order to beat the Russia Is Our Home bloc is not ruled out," Boris Tlyanchev said.

To a question from your GAZETA YUGA correspondent concerning the possibility of the Yabloko faction's victory at the elections, Valeriy Borshchev replied that Yabloko already has 60 regional branches, and judging by the polls, the forecasts are most auspicious.

Boris Tlyanchev is 45 years of age. He is a graduate of the Kabardino-Balkar State University and the Rostov Higher Party School. He was a lecturer at the Kabardino-Balkar State University, a school director, an instructor of a CPSU city committee, and deputy minister of education of the KBR. He was elected a people's deputy of the Supreme Soviet. He is married with a son.

Kabardino-Balkaria Free Economic Zone Planned

954F2942B Nalchik GAZETA YUGA in Russian 28 Jul 95 pp 1-2

[Article by Professor Sergey Lavrov: "This Sweet-Sounding Word 'Freedom'"—first two paragraphs are introduction]

[FBIS Translated Text] As commissioned by the Government of the KBR [Kabardino-Balkar Republic], the Institute of Economic Problems of the Transitional Period (Ye. Gaydar, director) has in conjunction with the KBR Ministry of Economics and the State Property Committee drawn up a package of documents that include the draft decree of the Government of the Russian Federation "The 'Kabardino-Balkaria' Free Economic Zone," the "Statute on the Free Economic Zone," and the "Free Economic Zone Development Program." These documents, according to the edict of the president of the Russian Federation "The 'Kabardino-Balkaria' Free Economic Zone," are to be presented to the Government of the Russian Federation for the adoption of a final decision. The basic concepts of the drafts are at the request of GAZETA YUGA described by Professor Sergey Lavrov, doctor of economic sciences, deputy director of the institute, and the person who drafted the documents.

Sergey Lavrov, 45 years of age, is deputy minister of foreign economic relations of the Russian Federation, a graduate of Moscow State University Economics Faculty, married, with two children.

The main purpose of the establishment of the "Kabardino-Balkaria" free economic zone is the realization of the comprehensive program of the socioeconomic development of the KBR based on the formation of the conditions for the attraction of domestic and foreign investments and the accelerated advancement of market reforms and also the development of the mechanism of the relations of the federal authorities and economic structures of components of the Russian Federation.

In accordance with the basic ideas (they were formulated by the KBR Ministry of Economics), the budget of the KBR is as a result of the zone's activity to be independent and grant-free, thanks to a reduction on the expenditure side and an increase on the revenue side. By the year 2000 it is to have reached approximately $200 million annually, that is, the 1988 level (for comparison: the republic's budget today constitutes approximately $100 million).

The law "Free Economic Zones" has been under discussion in the Parliament of the Russian Federation for about a year now and has three versions. None has been completely finalized or will now, for a fact, be adopted before the fall. The most difficult aspect, therefore, in the preparation of the draft "Statute on the Free Economic Zone" and of the prospects and advantages which are contained in it in the elaboration of the status of free economic zones is the fact that they are on the verge of current legislation. The creation of free economic zones means a certain limitation of current legislation on a particular territory. We are in violation of federal laws—specifically the law on the budget, which has been adopted, since the documents on the free economic zone specify budgetary credit. We are in violation of the tax laws, since we are introducing privileges for individual enterprises, and in violation of customs laws and rules. It is for this reason, incidentally, that the zone's status is being adopted at the federal level, that is, the federal authorities are knowingly consenting to certain limitations within the framework of the zone which is accorded free economic zone status.

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The attempts at the creation of Russian free economic zones that have been made thus far have become bogged down in the imperfect state of the legislative documents, which have determined the principles of work in these zones. Only three versions of free economic zones operated in the Russian Federation until recently: the Far East Zone ("Nakhodka"), the zone in Kaliningrad, and the "Ingushetia" Zone. Each has its own particular features and its own problems, which, following the well-known decisions of parliament and the adoption of a number of laws, have been aggravated. Not one of them, essentially, is operating with the same benefits that were established at the time they were organized.

For this reason the main task is the harmonization of the benefits and privileges specified for the "Kabardino-Balkaria" free economic zone at the federal level with all the departments concerned, which on a number of issues have objections and misgivings. This task, based on current practice, is not simple and will take a certain amount of time.

What should a free economic zone do for Kabardino-Balkaria?

First, an improvement in the financial situation. Second, funds of potential investors, who see additional privileges for the development of their activity. Third, the leading of the base enterprises and the channeling of the development of the republic's economy toward the frontiers established in the program of the development of the KBR.

The majority of free economic zones of the world are based on three main principles:

1. The variation of the extent of tax privileges.

2. Limitation of control—tax, currency, and financial.

3. Confidentiality of information, both about the activity of the firms and about the founders.

The Statute on the "Kabardino-Balkaria" Free Economic Zone contains the first two principles.

As distinct from the "Ingushetia" economic preference zone, the mission of the "Kabardino-Balkaria" free economic zone is not simply to collect investment capital but to engage to the maximum the economic potential of the KBR, which has:

—50 percent of the tungsten and 25 percent of the molybdenum raw material—world production potential (world consumption is 16,500 tonnes, we could produce 8,500 tonnes);

—up to 90 percent of the Russian Federation's production in terms of certain items of the individual diamond instrument product list;

—up to 30 percent of the Russian Federation's production of artificial leathers;

—the KBR's hydroelectric power potential makes it possible not only to cater for its own requirements but to sell it outside of the republic also;

—an adventure-tourism zone, which meets the requirements of international standards;

—reserves of oil not only for its own needs but for sale also;

—reserves of building materials.

The zones that exist in the Russian Federation today were built according to the diversified principle, whereas the "Kabardino-Balkaria" free economic zone will be built according to the composite principle.

A distinguishing feature also is the fact that leadership of the process of the drafting, coordination, and realization of the Free Economic Zone Program will be undertaken by the program board, which includes representatives of federal departments: the Ministry of Economics and the Ministry of Finance, the Customs Committee, the Central Bank, and the Tax Inspectorate, and also seven representatives of the republic. The board will be led by the president of the KBR.

The "Kabardino-Balkaria" Free Economic Zone Development Program has the status of federal program.

Naturally, all that has been said above is as yet only a draft, with which the Government of the Russian Federation has to agree.

'Our Home' Seeks Financial Aid in Krasnodar Kray

954F2951A Nalchik SEVERNYY KAVKAZ in Russian 29 Jul 95 p 5

[Article by V. Serdyukov: "Chernomyrdin Supporters—the Poorest Politicians in the Kuban"]

[FBIS Translated Text] The political council of the Krasnodar Kray organization of Russia Is Our Home appealed to the citizens of the Kuban with a request that they render the movement material assistance. It turns out that in the bureaucrats' party they have no membership dues. The leaders of the organization—Governor Kharitonov, his deputy, Saloshenko, Krasnodar Mayor Kryazhevskikh, and others of the powerful of this world—cannot on their own resources maintain the party branch that they have created. Probably, these are the most impecunious politicians in Krasnodar Kray. Highly placed officials, bankers, plant directors, and chairmen of agro-firms are even guaranteeing sponsors that they will produce reports on their financial activity

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within the framework of the party. This is all very funny, but there is not a single kopek in the bank account of Russia Is Our Home in the kray. Chernomyrdin's party really is today the poorest political organization, at least in the Kuban; so give, folks, to the fathers of Russian democracy, and the homeland will not forget you.

Petersburg's Sobchak Calls For 'Reformist Majority'

MM0208143395 Moscow ROSSIYSKIYE VESTI in Russian 2 Aug 95 p 2

[Report by Konstantin Pavlov: "Reformers Have Feeling of Statehood"]

[FBIS Translated Text] The constituent conference of the St. Petersburg regional organization of the "Russia Is Our Home" Russia-wide public-political movement has taken place in Vyborg.

As was to be expected, the main event was the report by Mayor Anatoliy Sobchak analyzing the political situation in which the "Russia Is Our Home" movement is being formed. Having assessed the coming year as a most important period, during which Russia's future will be determined for the next two decades, he singled out four most influential trends in the structure of the political forces.

The most promising and favorable for the country, from what he said, is the reformist trend, which brings together people without clearly defined political views, technocrats, professionals, and pragmatists. This trend has the greatest chance of coming to power and already has power to a significant degree. "Unlike the new entrepreneurs and bankers," Anatoliy Sobchak stressed, "the reformers have a sense of statehood and responsibility to the country." From what the mayor said, "Russia Is Our Home" can be categorized within this trend. As reforms are implemented, the reformist movement has a chance of becoming genuinely democratic, while at the same time maintaining continuity with the past, in which there was a great deal that was good. A reformer president and a reformist majority in the parliament represent the best way out for Russia and provide it with a historic chance of having a normal future.

According to Anatoliy Sobchak, the national-patriotic trend, which uses Russian nationalism, Leninist-Hitlerite propaganda, and the progressive lumpenization of society in its fight for power, represents an extreme danger. From what the speaker said, the Army forms the social base of the national-patriotic movement — which is doubly dangerous. The nationalist-patriots can be countered by urgently creating a class of owners by distributing land, Anatoliy Sobchak believes.

However, he sees the neocommunist forces, which are building their program on the basis of social demagoguery and unrealizable promises, and who operate aggressively and forcefully, as presenting the greatest danger of civil war. According to the democrat-mayor's forecasts, they have a chance of increasing their representation at the elections. But the neocommunists' lack of any strong leaders provides a chance that we will be saved from them.

Oblast Duma Accused of Religious Intolerance

MK0208125295 Moscow SEGODNYA in Russian 2 Aug 95 p 1

[Report by Mikhail Lantsman: "The Conflict Between Town and Countryside. The Moscow City Government Has Accused Oblast Duma Deputies of Religious Intolerance"]

[FBIS Translated Text] The Moscow City Government has accused Moscow Oblast Duma deputies of employing unworthy methods in vying for electoral votes. Yesterday's statement by the capital's government was prompted by an appeal by Moscow Oblast lawmakers addressed to the Russian Federation president, the chairman of the government, the Security Council, the federal parliament, the representative bodies of Russian Federation components, and, lastly, Moscow Mayor Yuriy Luzhkov, in which oblast deputies drew the attention of all Russian power branches to the impermissibility of building a "seat of ethnic-religious conflicts on Poklonnaya Hill in Moscow." A seat of ethnic-religious conflicts will, in their opinion, be inevitably created if the Orthodox church on Poklonnaya Hill, as per the development plan, abuts a mosque and a synagogue. "The building of a separate memorial in the Victory Park only in memory of Jews," the appeal says, "is impermissible, because the inappropriate separation of this ethnic group creates prerequisites for constant, sharp interethnic strife." In support of their conclusion, the Moscow Oblast deputies cited an act of outrage committed with respect to an Orthodox cross which occurred on Poklonnaya Hill in 1994. A more weighty argument against the building of a center for three religions, in their opinion, is the fact that Poklonnaya Hill is "a sacred place of Orthodoxy" in the heart of Orthodox Russia.

Meanwhile, until recently Poklonnaya Hill had not been listed in religious reference books as a historical place of pilgrimage for Orthodox Christians. Poklonnaya Hill gained historical fame via the boots of the French emperor Napoleon, a Catholic by faith. In this connection Moscow Oblast legislators could be suspected of covert Francophilism.

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Nonetheless, the capital's authorities directly indicated that the oblast deputies are trying to play the nationalist card in the run-up to elections. Therefore, the Moscow City Government declared in no uncertain terms that it will "decisively curb any attempts to foment interethnic strife in the city, whatever their source."

Maritime Kray Needs Nuclear Waste Recycling Plant

MM0208125795 Moscow Russian Television Network in Russian 0400 GMT 31 July 95

[From the "Vesti" newscast: Video report from Maritime Kray by O. Zhurman, identified by caption]

[FBIS Translated Text] [Zhurman over Bolshoy Kamen submarine plant] Since Russia undertook to stop discharging liquid radioactive waste into the Sea of Japan in 1993, the problem of recycling this waste has become the number one problem specifically for Maritime Kray as the main base of the Pacific Fleet. Two tankers have already been filled with this waste and removed as far as possible from the sight of the outraged population of Bolshoy Kamen. Only now has it become known that last February several hundred liters of this radioactive waste had leaked onto the deck of one of the tankers. The frozen liquid waste was removed right away. However, this report is not the first warning signal. Construction of a facility for recycling liquid radioactive waste should begin without delay. The tankers cannot hold up another two years, specialists claim.

[Ye. Stamatyuk, chairman of Committee for Natural Resources] We are not in a position today to guarantee indefinitely the safety of these tankers and of the decommissioned submarines. We are very worried about next winter. Should weather conditions be bad, we might be forced to take emergency measures, possibly including the discharge of waste into the sea. We do not want an environmental accident on the shores of Maritime Kray.

[Zhurman] Meanwhile the Ministry of Atomic Energy and the Maritime Kray Administration, acting as arbitrators in the international tendering process for the right to build a facility for recycling liquid nuclear waste, cannot find a common language, and the tender has again been postponed for another two months.

Economic Issues

Yeltsin Rejects Law on Securities Market

LD0208162995 Moscow Radio Rossii Network in Russian 1300 GMT 2 Aug 95

[FBIS Translated Text] The press service of the Russian president reports that Boris Yeltsin rejected the law on the securities market today. The State Duma and the Federation Council adopted the document in mid-July. The head of the Russian state believes that the law does not fully correspond to the country's civil code while some of its provisions contain dubious instructions contradicting the normative documents adopted earlier.

Delays Beset Drafting of 1996 Budget

MM0208142795 Moscow ROSSIYSKIYE VESTI in Russian 2 Aug 95 p 2

[Commentary by Yelena Ishkova under the "Economics" rubric: "The 1996 Budget Undergoes Shrinkage and Spillage"]

[FBIS Translated Text] The latest deadline — how many of them have there been already! — for the submission by the government to the Duma of the draft state budget for 1996 expired 1 August. But this document will not arrive in the lower chamber of parliament either today or tomorrow: The government plans to assemble once again on Thursday [3 August] for yet another — the fourth, it seems — discussion. Surely this will be the last such discussion? It is doubtful. After all, even Mikhail Zadornov, chairman of the State Duma Committee for the Budget, Taxes, and Banks, said only recently that he does not expect this event before the first days of September.

Such delays testify eloquently to the kind of squabbles that have broken out within the government over the 1996 budget. Even on the previous day, 31 July, Minister of Finances Vladimir Panskov at a press conference on the results of the government session did not risk making public the basic parameters of proposed revenue and expenditure. He said only that, according to the latest version of the draft, revenue should constitute 15.7 percent of GDP, which is 1.7 percent more than this year, and that a deficit at a level of 82 trillion rubles [R], or 3.9 percent of GDP, is planned. It is proposed to cover R50 trillion of this sum via internal borrowing, and the remaining R32 trillion via external borrowing. The figures for the budget deficit cited by the minister are R6 trillion higher than those cited in May.

The budget could, of course, be shaken down indefinitely, since for ministers to demand increases in expenditure for the sector under their department is a hallowed and respected business throughout the world. Not for nothing has Parkinson's phrase that state expenditure has no rational basis, but only seeks to exceed revenue, beome an aphorism. This time it was the agrarians who distinguished themselves with a particularly enviable appetite. They asked for R48 trillion for their needs in 1996. But the Ministry of Finances replied that it could give them one-sixth of this figure. It is not hard

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to imagine the row that broke out over this. The military also had cause to kick up a fuss. It was decided to cut their demands by two-thirds. Inflating budgetary demands beyond all reasonable norms in this way is truly become a national characteristic. In the words of Vladimir Panskov, the battle over the budget between the various currents in the government continued to the last day.

Preparation of the draft is also complicated by the increasing proximity of the elections. On the one hand, a tough financial policy could become an excellent trump card in the hands of the opposition, for example, the aforementioned agrarians. Now they can with full justice scream that the good-for-nothing government is insulting peasants, and thereby receive even more seats in parliament. On the other hand, just by going into the new year with a realistic, noninflationary, tough budget, albeit one that does not suit some people, it is possible to stop inflation and make possible the planned stabilization, which will make life easier for everyone. This — that is to say, taming inflation — remains the government's major priority for next year. In any case, it is in the interests of the present Cabinet of Ministers to send the draft budget to the Duma as quickly as possible. After all, it will have to pass through the sluices of both chambers. This "swim" could drag on unpredictably. What will happen if the current Duma manages to adopt the budget only in its first reading? What will remain of it when the new legislators have finished with it? It makes sense to hurry a little.

The largest expenditure articles in the budget will presumably be defense (17.4 of total expenditure); the servicing of the state debt (13.2 percent); mysterious other expenditure (19.9 percent); industry, power engineering, and construction (9.8 percent); and law-enforcement activity and safeguarding security (8.9 percent). The treasury is expected to acquire the lion's share of revenue from VAT (39.8 percent of revenue), profit tax (16.5 percent), export and import duties (12.8 percent), and excises (11 percent). Incidentally, the recommendations of the IMF, which are aimed at supplementing the revenue part of the budget, mostly touch on these sources. The IMF advises the abolition of exemptions from VAT and import excises, increasing excise on alcohol, tobacco, motor cars, and gasoline, and increasing the rate of profit tax. These measures, along with others, could bring the federal budget a further R47.8 trillion. Will we listen?

It is not superfluous to recall that it was planned to increase import duty on gas from 2 to 5 ECU's already in the 1995 budget, but the government has not done so to this day. Meanwhile, the long waiting line at the export "pipeline" suggests better than anything else that exports are extremely profitable, and the possibilities of supplementing the budget at the expense of exporters who are growing rich have not been exhausted.

At a recent press conference, Economics Minister Yevgeniy Yasin promised that the government would now turn its attention to the so-called natural monopolists. Including the "Gazprom" Russian Joint-Stock Company, which enjoys tax privileges. A decision is being prepared according to which regulated prices on the output and services of the natural monopolies will be indexed at 50-70 percent of the inflation index.

In the first six months of the year the state budget was augmented a little better than expected. It received an additional R12 trillion. But we should not flatter ourselves on this account. This increase was achieved through inflation, from the fact that the fall in GDP proved less, and the ruble exchange rate lower, than posited by the budget's drafters. In the first six months of the year, state expenditure was financed to the tune of 97.5 percent, and some articles by even less, because the government had to help the regional budgets and gold miners, give budget loans to assist structural overhauls, and fund the unforeseen expenditure of the Ministry for Emergency Situations.

So, five months remain until the day when the economy is due to start living under the 1996 budget. According to law that everyone has forgotten, the drafting of the budget is supposed to begin 18 months before it comes into force. This is the practice in many other countries. Will we receive this document not in the spring of the following year, as has happened in the past, but at least before Christmas? The chances of this are still no better than before.

Livshits Upbeat on Inflation, Budget Revenues

MK0208124495 Moscow SEGODNYA in Russian 2 Aug 95 p 1

[Report by Aleksandr Bekker: "Aleksandr Livshits: Classical Financial Stabilization Has Not Materialized. But the Economy Has a Margin for Error"]

[FBIS Translated Text] Chances are that today Boris Yeltsin will name the person who will head the Central Bank prior to presenting his candidacy to the State Duma. This was told to SEGODNYA by presidential adviser Aleksandr Livshits. He knows the name, but for considerations of political etiquette Livshits chose not to upstage the head of state. One can only assume that Boris Yeltsin's decision will not cause a sensation.

Commenting on statements by economists Mikhail Zadornov and Andrey Illarionov that financial stabilization this year has collapsed, the presidential aide

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said: "In the classical sense, when inflation falls to 1-2 percent a month, financial stabilization had not yet occurred. But it is important that since 1992 its pace has been steadily declining." While the structure of the national economy remains "skewed," giving impetus to inflation, the economy, in Livshits' opinion, has acquired a certain margin for error [zapas prochnosti], and reform is no longer proceeding on thin ice.

The presidential aide agreed with yesterday's statement by Yevgeniy Yasin that the money supply in April-June grew "in an unexpectedly large volume, creating inflationary potential for the fall." There is nothing surprising about this, according to Livshits; nor has there been any "intrigue" by the Central Bank. Indeed, the government and the Central Bank do not have enough instruments to "soak up" the ruble supply dumped by the Central Bank to buy up hard currency.

In order not to rock the inflationary "boat" by the end of the year, the population, Livshits said, will soon be given access to investment share funds; the Central Bank is working out a scheme for special investment deposits, and state securities for private individuals will be issued. "The main thing today," the presidential aide observed, "is to accumulate consistently savings by private individuals, the assumption being that this is the first step toward investments."

According to Livshits, in the very near future a package of measures to strengthen the federal budget revenue base will be ready. Commenting in this connection on recent remarks by Yevgeniy Yasin and Vladimir Panskov about a possible increase in the excise duty on gas and the abolition of the AO Gazprom investment fund, Livshits said: "I believe that it would be impossible to continue to keep Gazprom's capabilities in reserve without definite losses for the economy." At the same time the presidential aide noted that Gazprom is not the last budget reserve: "There is still something else in stock."

Yasin, Panskov on Inflation, Budget Revenues

MM0208132995 Moscow RABOCHAYA TRIBUNA in Russian 2 Aug 95 p 1

[Report by Aleksandr Krotkov under the "Reporting Details" rubric: "Does the Strengthening of the Ruble Threaten a New 'Black Tuesday'?"]

[FBIS Translated Text] The flight from the dollar caused by the seasonal decline in its exchange rate against the ruble could rebound in the fall, Economy Minister Yevgeniy Yasin told journalists. The authorities are worried that an unexpectedly large growth in the amount of dollars in circulation could create the potential for inflation in September and October.

All the more so since the decline in the dollar exchange rate is happening against the background of continuing inflation. In order to avert a new "Black Tuesday," the government has now elaborated a set of measures designed to restrict the growth of prices.

This process is currently being instigated first and foremost by the so-called natural monopolies — the power industry, communications, transport.... It seems that in the near future we can expect the introduction of a new procedure for index-linking their charges which are currently exceeding the average rate of inflation.

The government is also proposing the introduction of a new excise duty — on the transportation of oil. To use Yasin's graphic image, this is where the long waiting lines are forming right now which in turn is clear evidence that prices in this sphere are too low. Well, this may be so but let us hope that, in its desire to remedy matters, the government does not constrict the country's oil artery by a new high excise duty.

Generally speaking the tax collection situation in Russia is not at all bad. According to Finance Minister Panskov, in the first half year tax receipts were 12 trillion rubles higher than planned. But as the Finance Ministry chief immediately added, this success is primarily due to inflation. Expenditure is, unfortunately, increasing faster than revenue in our country: By the end of this year the budget will have to raise an extra 7-8 trillion rubles for urgent measures. The government is hoping to raise that money primarily from the privatization of the "Gazprom" Russian Joint-Stock Company.

Well, a clearance sale is one way of remedying matters — for a while. But what will we do when there is nothing left to sell?

Finance Ministry Blamed For Cutting Investment

MK0308101295 Moscow SEGODNYA in Russian 2 Aug 95 p 2

[Report by Aleksandr Bekker: "Finance Ministry Has Not Given Economy Ministry Money for Investment. Central Bank Has Not Opened Account for It"]

[FBIS Translated Text] A rise in arrears to the federal budget, which reached 20 trillion rubles in the first half of 1995, has impelled the Finance Ministry to reduce expenses on certain items. On the whole, budget implementation was at the level of 97.7 percent, but 1995 state investment, totalling 9.7 trillion rubles, was cut by the agency by more than half. In addition, the total sum of state investment included 1.2 trillion rubles meant to fund highly cost-effective projects on a competitive basis using a 1+4 formula. This meant that any investor "right from the street" wishing to have his

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project implemented could submit it to the Economy Ministry and, if approved, receive one ruble from the budget per every four rubles of his own invested in the project.

The Economy Ministry used to take a special pride in the competition of projects and to contrast it — rather politely, but firmly — with the Finance Ministry's "socialist" approach, whereby provinces were given loans to fund industry restructuring there. Although the Finance Ministry is doing this not quite of its own free will but in compliance with a presidential edict and although the loans are given under a repayment pledge, there is hardly anyone who believes in earnest that this money — even devalued — will be paid back or indeed spent to reorganize enterprises.

What hurts the Economy Ministry most, however, is the fact that the Finance Ministry, in violation of the budget law, has found 2 trillion rubles for loans to provinces, allegedly for conversion projects, but, at the same time, cannot find 300 billion rubles for the highly cost-effective projects which have been selected by the Economy Ministry as competition winners and must be funded under the 1995 budget.

Two days ago [31 July], Economy Minister Yevgeniy Yasin publicly discussed this matter with Finance Minister Vladimir Panskov. Mr. Yasin said, "I am pressing my friend for investment money, and if this expense item is backed with at least 95 percent funding, I will feel that I've done my job well." As for the competition-winning projects, the economy minister pointed out that there are two obstacles to their launching: the Finance Ministry, which is refusing money, and the Central Bank, which, in Mr. Yasin's words, "has built a technical barrier for us." Plainly speaking, the Central Bank did not open a special account so that the Finance Ministry could transfer money for competitive projects. "For half a year now, Yevgeniy Grigoryevich [Yasin] and I have been trying in vain to make our way through the Central Bank," added Mr. Panskov.

The Economy Ministry still expects to solve the problem positively. Mr. Yasin's optimism went even beyond this year. "In the 1996 investment program," he said, "we have enlarged the proportion of investment on a competitive basis." The ministry is planning to attract investment — both state and private. It has in mind the Russian Reconstruction and Development Bank, the Bank for Project Financing, and other financial institutions which, as Mr. Yasin said with irony, "are in a state of anabiosis and need to be awakened."

Not wishing to look overly conservative, Finance Minister Panskov said that he is "not against investments." He added, however, that "the task cannot be solved by only using investments from the federal budget — be that on a competitive basis or still less by credits; we should think about attracting bank, corporate, and private capital to the national economy." Mr. Panskov admitted indirectly that the loans from the budget given out by his agency to provinces would hardly ever be repaid. The loans were given at half the Central Bank's discount rate, in other words, at an annual interest of 95-100 percent. In April-May, commercial banks offered similar interest on their loans, but they demanded firm repayment guarantees from the borrowers. It is much easier to deal with the federal treasury: As before, it is viewed in the provinces as a cash cow.

Zadornov on 'Failed' Stabilization Program

MM0108115595 Moscow IZVESTIYA in Russian 1 Aug 95 p 1

[Unattributed report: "All Is Well With Inflation: It Is Higher"]

[FBIS Translated Text] The government's financial stabilization program for 1995, which expects inflation to rise monthly by an average of 3-5 percent, has failed, because the indicator will most likely be no less than 8 percent. This was stated on Monday for the benefit of the Financial News Agency by Mikhail Zadornov, chief of the State Duma Budget Committee.

According to him, the government's strategic goal of sharply reducing the rate of inflation was not backed up by real efforts by the cabinet. In particular, the "government's failure to raise export duty for gas from 2 to 5 ECU, as envisaged by the 1995 budget, is a clear indication that the prime minister is giving preference to the gas industry's financial terms over the interests of providing for the budget," M. Zadornov stressed.

"Monetary restrictions cannot bring success unless they are backed up by measures to reform structural policy," M. Zadornov stressed. Moreover, according to him, a "significant part of budget expenditure is not funded by the Finance Ministry, at the same time a number of items that are not envisaged are being funded." In particular, in the first six months the government granted a number of enterprises and regions budget loans of 4.5 trillion rubles [R], and on top of this you have the cost of reviving the Chechen economy (somewhere in the region of R5 trillion).

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Collapse of Financial Stabilization Plan Seen

MK0208115295 Moscow SEGODNYA in Russian 2 Aug 95 p 1

[Report by Rustam Narzikulov: "Some Ministers Would Like To Get Acquainted With Gazprom's Balance Sheet"]

[FBIS Translated Text] At a recent government session, the economy and finance ministers actually admitted the cabinet's powerlessness in coping with sluggish (in the Russian understanding) inflation, which still runs at 6-8 percent a month. All that the government has managed to do in the economy in the six and a half months of 1995 has been to ensure an 83-percent growth in prices and to make life even more difficult for domestic exporters by pegging the currency exchange rate.

The impossibility of covering the budget deficit from fully noninflationary sources has unexpectedly reanimated the old complaints (this time by the economy minister) about the "inflation of outlays" which is apparently generated by natural monopolies. If the basic propositions of the monetary theory about the defining role of the state's money issuing activity in the growth of prices are ignored, then monopolies could in principle be blamed for an unfair tariff policy and for "generating" inflation. But it is probably unreasonable to disregard the fact that as a result of the "inflation of outlays," the budget makes substantial gains, receiving higher tax revenues and monopoly rent.

The problem is apparently not the persistent high inflation but the urgent need to find convincing justification for the collapse of the financial stabilization policy and as far as possible to distance oneself from failures in the inflation control sphere. An ideal option, from the point of view of the pending elections, would be a simultaneous disruption of the financial base of unreliable political partners who under certain circumstances can emerge as political rivals.

Such a show of force was staged yesterday by the above mentioned ministers and also by Mikhail Zadornov, chairman of the State Duma Budget Committee, who said that "if the government has not as yet raised the export gas duty from 2 to 5 ecus, as envisioned by the 1995 budget, this is a clear sign that the prime minister gives priority to the financial conditions of the gas industry over the interests of replenishing the budget." For his part Yevgeniy Yasin noted that the government in this connection has been instructed by the prime minister to prepare a decision to abolish exemptions for the formation of the Gazprom stabilization fund.

In this instance, of lesser interest is which of the two politicians is distorting Viktor Chernomyrdin's position (it is not clear whether he is creating a favorable regime for Gazprom or, quite the contrary, resisting it). What is important is that within the executive branch prerequisites are emerging for the formation of a coalition of top officials who, by available means, would be able to control the economic base of what is today the most influential political movement. On the other hand, it is clear that the statement by the economy minister, hardly sanctioned by the prime minister himself, is the personal initiative of a government member.

It is an open secret that hierarchical contacts between Russian ministers are not confined to relations with the government chairman and vice premiers: The Russian presidential staff takes a direct part in formulating and conducting economic policy. Furthermore, by virtue of the premier's limited powers, some ministers and vice premiers (in particular Anatoliy Chubays) are also quite independent figures.

One highly placed Gazprom representative told SEGODNYA that the statements about the need to strengthen fiscal pressure on the gas industry are "the personal opinions of Messrs. Chubays, Yasin, and Panskov."

Considering the simultaneousness of these statements (and also the statement by Zadornov), one must after all admit that they reflect the political nervousness of politicians and senior officials rather than the actual intention to defeat inflation tomorrow.

And, naturally, nobody could care less about Gazprom's financial position, on which count Yasin only remarked that it has never been studied seriously. If the economy minister really does not know the situation in this corporation with a potential turnover of $70 billion (if internal gas prices are raised to at least the price level in the CIS countries), the mechanism of yet another change in duties and excise taxes once again demonstrates the "subtlety" of the fiscal and export policy methods used by the incumbent government.

In this situation only one organization is content with the strengthening of the fiscal element in economic management: the IMF, whose interest is naturally limited to short-term financial stabilization. IMF representatives are not concerned about how this affects economic growth or the country's competitiveness in foreign markets. In the winter IMF recommendations were carried out almost in full with respect to oil exporters, who pay 25 percent of proceeds in the form of an export tariff. Today the same lot can befall the gas industry.

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Prices of Essentials Vary According to Region

MM0308093895 Moscow ROSSIYSKIYE VESTI Saturday Edition in Russian 29 Jul 95 p 2

[Report by Lyudmila Biryukova under the "Authorities and Prices" rubric: "Fill Up the Lada in Anadyr"]

[FBIS Translated Text] The Russian Federation Government Center for the Economic Situation has analyzed how the local organs of government in various regions are influencing the pricing of goods and services. It has emerged that while at the beginning of the year local administrations were regulating almost one-third of all food prices, by the end of the first half of the year the extent of intervention in pricing had become sharply reduced, especially in the Volga-Vyatka and Northwest Regions. The administrations always guarded the price of milk and bread most staunchly. Back in March, the prices of these products were controlled in 83 percent of cities, but by June the figure had fallen to only 68 percent. Only children's food remains an object of great concern to the authorities. Prices for fruit and vegetables were regulated least of all.

What methods were applied here? The most widespread method applied was the establishment of an upper limit for commercial surcharges. Then restrictions were placed on the profitability of the food industry's enterprises. And price regulation in the form of subsidies from local budgets have been retained to an insignificant degree. It was using these methods that prices for milk, sour-milk products, bread, and in some cases meat and vodka were basically regulated. In several cities (for example Voronezh) the rationed distribution of such products as milk and sugar at reduced prices in exchange for tokens has continued.

But what is the situation as regards nonfoods? The analysis showed that regional administrations most often attempted to restrain price increases for fuel (coal, firewood, and peat), gasoline, medicines, and matches, and less often for cleaning agents, children's clothing and shoes, and school goods and stationary. In only a few cities did the administrations set prices for children's furniture, footwear for the elderly, thread, and toothpaste by using subsidies from local budgets.

But note that regulated prices increase much more quickly than unregulated ones. For example, while the average price increase in Russia for nonfoods is 20 percent, prices for gasoline have increased by 49 percent, medicines and cotton thread by 33 percent, soap by 28 percent, baby clothing by 26 percent, and fuel by 23 percent. By way of comparison, the prices of television and radio sets and furniture, which are sold at unregulated prices, increased by 10 and 15 percent respectively during the quarter.

The price gap for fuel is decreasing in the various regions. Due to an increase in minimum prices while maximum prices have remained the same, the price gap for gasoline has decreased from a factor of 3.4 to 2.6. For example, during the second quarter the cheapest gasoline was on sale in Anadyr at 664 rubles [R] per liter. At R898 per liter, Omsk has become the city with the lowest prices for gasoline since the end of June. The most expensive gasoline at the end of June was in Magadan (R2,325). During the quarter it increased in price 1.5 times in the capital and cost R1,742 which puts it in fifth place among republic and oblast centers. Within the economic regions gasoline prices are relatively close due to the universal regulation of its price.

The same can be said of the cost of services, especially of housing and utilities, gas supply, municipal transport, and communications. A maximum price (rate) increase was fixed for these very services from January to June. For example, while on average public utilities in Russia increased in price 2.2 times, mains gas increased in price 8.9 times. Rent for apartments, water supply and sewerage, maintenance work, and heating increased in price 2.7-3.1 times. Suburban train services have increased in price by a factor of 2.7, and postal services by a factor of 2.4. On the whole regulated prices do not increase smoothly like unregulated prices but do so in fits and starts. For example, during the second quarter of 1995 a more than two-fold increase in the cost of notary services was observed in May after the last increase in the minimum wage.

A great difference in regulated prices (rates) has been noted in different oblast centers of Russia for the same public services. For example, at the end of June the maximum difference of 240 times was registered for maintenance services in house-building cooperatives' houses and privatized apartments (it was R6,973 in Yuzhno-Sakhalinsk and in Smolensk it was R29 per square meter). Apart from this, a journey of the same distance on an intercity bus costs 60 times more in Magadan (R220,000) than in Belgorod (R3,700), and payment for fuel and the water supply costs 59 times more in Petropavlovsk-Kamchatskiy (R14,200) than in Kazan (R240 per capita every month). The difference in rent for apartments is also great. You pay R487 per meter in Petropavlovsk-Kamchatskiy, and R30 in Ulyanovsk — that is 16 times less.

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Inflation Figures, Price Movements Summarized

MM0208132495 Moscow ROSSIYSKAYA GAZETA in Russian 2 Aug 95 p 3

[Report by the Russian Federation Government Center for Economic Conditions: "Transport Costs Rise"]

[FBIS Translated Text] Over the past week inflation was 1.4 percent, and it stands at 4.5 percent since the start of the month. Average weekly inflation in the first three weeks of July (1.2 percent) is the lowest since last September (average weekly inflation in July 1994 was 1.1 percent).

Foodstuff prices increased by 0.9 percent over the past week, while nonfood goods prices were up 1.8 percent, and the cost of paid services to the population was up 2.6 percent.

Food prices have increased by just 0.8 percent over the past week and are up by 3.5 percent since the start of the month. Sugar, flour, and other canned fruits and berries were up by approximately 4 percent. Price changes for bread (particularly low-grade wholemeal varieties), meals at public catering establishments, certain types of groat products, and mineral water came to 2-2.3 percent.

The past week saw virtually no increase in the price of butter, milk, cheese, or frozen fish.

In Russia's economic regions the biggest growth in the cost of the consumer basket over the week was in the Urals Region — 3.3 percent. At the same time, in the North Caucasus and the Volga Region the basket's cost increased by around 1 percent, while no increase was recorded for the inhabitants of the Volga-Vyatka and Central Chernozem Regions.

In 24 cities the basket fell in price owing to seasonal reductions in vegetable prices. The biggest fall in the cost of the basket was posted by Saratov — where it was 11.7 percent cheaper.

The basket increased by less than 1 percent over the week in Moscow and St. Petersburg, and, as was the case a week ago, the capital is still 11th on the list of republic, kray, and oblast centers in Russia. St. Petersburg, where the basket costs 220,000 rubles [R], has moved down from 21st to 25th.

Unlike foodstuffs, industrial goods were cheaper last week virtually across the list surveyed. Thus, certain types of women's clothing, footwear, construction materials, and tobacco products leaped by between 0.8 and 5.8 percent. The price differences for the same goods in different areas also increased. A set of kitchen furniture in the Central Region is now 13-21 percent more expensive than in the Northern, Northwestern, and Urals economic regions, lumber is 29-36-percent more expensive, and perfume is 29-81-percent more expensive.

There were considerable increases last week in the cost of city passenger transport services (subway travel in Russia as a whole was up 18.7 percent, trolleybuses were up 15.9 percent, streetcars 11.3 percent, and city buses 5.9 percent). In Moscow the cost of passenger bus, streetcar, and trolleybus transport doubled, while subway travel was up by one-third. Muscovites and visitors to the capital will now have to pay R800 for a trip on any of these types of transportation.

Electricity tariffs have increased noticeably (they are up by 4.9 percent over the week and by 10.8 percent since the start of the month). Thus, electricity charges are up 90 percent in Berdyansk, Novyy Urengoy, and Ishim, 60 percent in Moscow, 50 percent in Astrakhan and Akhtubinsk, and 30 percent in Derbent. The month saw a gradual increase in the cost of radio services [radiotochka] (up by 4.6 percent over the week and by 22.6 percent since the start of the month). For instance, the inhabitants of Tula are paying twice as much for radio services as they did last week (R1,000 as opposed to R500 a month), while the inhabitants of Moscow Oblast are paying 110 percent more (R1,500 instead of R700).

Customs Committee Approves New Oil Export Rules

MK0108144895 Moscow SEGODNYA in Russian 1 Aug 95 p 7

[ANI report: "Russian Federation Customs Approved Rules for Exporting Oil for Refining"]

[FBIS Translated Text] The State Customs Committee [SCC] of Russia has approved "Rules for Customs Registration of Exports Through Piped Transport of Oil for Refining Outside the Russian Federation Customs Territory," a source in the SCC revealed Monday. In his words, Russian oil-producing enterprises or oil companies are now supposed to present to customs bodies their own application to the Ministry of Fuel and Energy and the latter's permission before they are granted licenses to export their oil for refining. Permission shall be granted on the basis of balance sheets agreed with the Russian Federation Economy Ministry. There should also be permission from the Ministry of Fuel and Energy for the inclusion of separate batches of oil in the pumping schedule of the "Transneft" company for the following month. All exported oil, with the exception of cases specified in customs' regulatory documents, is subject to an export customs duty, which is today 20 ECU's per tonne. According to the Russian Federation SCC, in 1994

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Russia exported about 129.8 million tonnes of oil worth $11.3 billion.

Reserves of Strategic Materials Decline

MM0308104895 Moscow SELSKAYA ZHIZN in Russian 3 Aug 95 p 1

[ITAR-TASS report: "Alarming Situation"]

[FBIS Translated Text] For the first time in many years the growth of oil and gas reserves has not offset extraction levels. A similar situation has developed in respect of virtually all categories of strategic minerals. These figures were cited at a session of the Russian Federation Government Commission on Current Issues.

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International Affairs

Foreign Ministry To Protest Exclusion From BSF Ceremony

WS0208134095 Kiev INTELNEWS in English 0015 GMT 2 Aug 95

[Report by Halia Pavliva]

[FBIS Transcribed Text] Kiev, Aug. 1 — The Foreign Ministry will shortly disseminate an official note of protest over Sunday's exclusion of Ukrainian naval officials from Navy Day festivities in Sevastopol, Foreign Ministry spokesman Yuriy Serheev announced Tuesday [1 August].

Although plans for the celebration, which is held each year to celebrate the anniversary of the founding of the Russian by Peter the Great, were made by both Russians and Ukrainians as co-owners of the Black Sea Fleet, which is headquartered in Sevastopol, the Ukrainians were excluded at the last minute, Serheev said.

"According to its status, the BSF today is to be managed by the two sides, that is why the celebration should be conducted by the two sides together," Serheev pointed out.

He added that the Foreign Ministry treats the incident as an unfriendly action which could bring tension to the BSF division negotiating process and to the situation in the region.

Marchuk's Black Sea Fleet Talks Visit Postponed

LD0208171795 Moscow ITAR-TASS in English 1703 GMT 2 Aug 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV, August 2 (ITAR-TASS) — The problem of the property in Sevastopol may become a "stumbling-block" at the Ukrainian-Russian talks on the division, status and disposition of the Black Sea Fleet.

This problem has turned out to be insoluble for the mixed Ukrainian-Russian commission dealing with the preparation of documents for the Moscow meeting between Ukrainian Prime Minister Yevgeniy Marchuk and head of the Russian Government Viktor Chernomyrdin scheduled for August 2 and postponed to a later time, a well-informed source from the Ukrainian Government told ITAR-TASS here today.

According to the same source, Ukrainian and Russian experts have not reached an agreement on the terms of the disposition of Russia's Black Sea Fleet in Ukraine, specifically, the payment for the use of the points of stationing and the immovables.

Under the Ukrainian legislation on real estate, all property which is located in Ukraine, belongs to the republic. Therefore, the transfer of property to other side, including Russia, is possible only on the terms of using it, including leasing.

This source informed that the Ukrainian side had worked out several forms of Russia's use of property of the Black Sea Fleet on the territory of Ukraine which they intend to present to Russian experts.

In this connection, the talks and the signing of documents by the heads of governments of Ukraine and Russia, planned for Wednesday [2 August], were postponed.

The exact date of Marchuk's visit to Moscow will be determined by experts of the joint commission who are due to begin the next round of agreeing on the draft documents on Thursday.

A working delegation headed by Deputy Foreign Minister of Ukraine Konstantin Grishchenko has left for Moscow today, Georgiy Kosykh, head of the press service of the Ukrainian Government, told ITAR-TASS.

Further on Talks Postponement

LD0208174895 Moscow INTERFAX in English 1728 GMT 2 Aug 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] On the orders by their presidents and prime ministers, senior officials of both countries will act as experts in consultations in Moscow Wednesday afternoon on outstanding problems in the division of the Black Sea Fleet.

Prime Ministers Yevheniy Marchuk and Viktor Chernomyrdin were originally scheduled to hold talks Wednesday but agreed to put off their meeting.

Ukrainian officials say that no date has been set for their meeting. The goal of the meeting is believed to be to agree at least on an approximate day of Russian President Boris Yeltsin's visit to Kiev.

The team of Ukrainian experts is headed by Deputy Foreign Minister Konstantin Grishchenko.

According to officials in the Ukrainian embassy to Moscow, Kiev hopes that the experts will iron out the differences in a day or two and agree on drafts of documents on the division of the Black Sea Fleet. If the consultations are a success, the visit of the Ukrainian prime minister to Moscow, originally planned

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for August 2, could take place this week, a Ukrainian diplomat emphasized.

The consultations on the fleet are bound to be overshadowed by the incident in Sevastopol last Sunday when the Navy Day was celebrated, a Ukrainian expert told Interfax before flying to Moscow. (IF Note: Volodymyr Bezkorovaynyy, the Ukrainian Navy commander, was not allowed to the podium during the parade because his name was not on the list of guests. The Ukrainian Foreign Ministry also protested over what Black Sea Fleet Commander Eduard Baltin said about the desirability of keeping the fleet united).

According to the expert, the consultations in Moscow are planned to continue until Thursday. He did not think that Marchuk will be able to visit Moscow this week.

Sources in Moscow said that Russia will be represented by Deputy Foreign Minister Sergey Krylov and senior officials of the Defense and CIS Affairs Ministries and of the navy command.

The sources say that Moscow expects Kiev to respond in a specific way to the latest proposals on the fleet division that Krylov presented in Kiev a few days ago. The proposals include Russian drafts of appendices to agreements on the division and on the Russian Black Sea Fleet status in Ukraine. Russia wants its fleet to have the main base in Sevastopol and smaller bases in Feodosiya and Kerch.

Under the proposals, Ukraine would have bases in Balaklava in the environs of Sevastopol and Donuzlav, 140 kilometers northwest of Sevastopol, where the alternative command post of the fleet is headquartered. IF Note: Kuchma said at a news conference in Simferopol last July that the site of Ukrainian Navy bases and headquarters remains an unresolved issue and that serious preparation is needed to have this issue resolved. Kuchma explained that the choice of bases will be made after talks with military commanders.

Under an agreement signed in Sochi on June 9 the former Soviet Black Sea Fleet will be divided into the Russian Black Sea Fleet and the Ukrainian Navy which will have different bases.

The Black Sea Fleet is now under joint command of the Russian and Ukrainian presidents who are also commanders-in-chief of the armed forces. Its total strength is 840 ships, notably 83 surface combat ships, 56 combat boats, 16 submarines, 14 rescue bathyscaphs, 49 special shops, 190 support ships and 446 speedboats and tugboats.

The fleet headquarters is in Sevastopol. An alternative headquarters is in Donuzlav. Moscow is believed to offer these facilities to Ukraine. The fleet also has large bases in Kerch and Feodosiya.

According to the Ukrainian Navy headquarters, the Ukrainian Navy now includes a squadron of surface ships, a marine brigade, a naval air force unit, a commandant's battalion, the Odessa logistic branch, a school of communication technicians, the Sevastopol Naval Institute and over 20 various units.

The headquarters and command are stationed in Sevastopol. Ukrainian Navy units are also stationed in Izmail, Odessa, Nikolayev, Ochakov, Saki and Feodosiya. IF Note: The Russian Black Sea Fleet needs at least three bases to protect Russia's national interests properly, Admiral Baltin told Interfax.

Unlike what Moscow has officially proposed to Kiev, he believes that Sevastopol, Donuzlav and Feodosiya must be these bases. Baltin thinks that the Russian Navy can leave the Kerch base but not Donuzlav with its modern facilities.

Council of Europe Urged To Speed Membership Procedure

LD0208195495 Moscow INTERFAX in English 1729 GMT 2 Aug 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] The Ukrainian President, parliamentary Speaker and Prime Minister sent the Council of Europe a letter Wednesday asking them to speed up the decision-making process on Ukraine's becoming a member of the Council.

The letter says that the Ukrainian leaders regard integration into the Council of Europe as a strategic foreign policy goal.

Leonid Kuchma, Oleksandr Moroz and Yevheniy Marchuk expressed the hope that that Ukraine joining the Council would be another step towards a new, united, stable and prosperous Europe and would contribute to further development of the Council of Europe.

IMF Official Stresses Adherence to Reforms

WS0308103395 Kiev INTELNEWS in English 0041 GMT 3 Aug 95

[By Serhiy Sokolovskiy, "Special to IntelNews"]

[FBIS Transcribed Text] Kiev, August 2 — Ukraine may not receive the remainder of its International Monetary Fund aid if it backs off on key reform

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and austerity programs, IMF Deputy Director Stanley Fischer said Wednesday [2 August].

Fisher said he came to Kiev to demonstrate the IMF's commitment to the country. It was important, he said, that Ukraine not take steps backward from the reform process. Fischer said he stressed keeping on the reform path in talks with Ukrainian President Leonid Kuchma, Cabinet ministers, parliamentary leaders and the National Bank of Ukraine board.

The IMF approved a US$ 1.5 billion standby credit to Ukraine on April 8 after Parliament approved the 1995 budget. The adopted budget planned for a 7.3 percent deficit, with 3.5 percent of this figure to be covered by an NBU emission. Ukraine is still to receive about US$ 1 billion of the total credit for 1995.

There are some problems, but they do not spoil the general picture, Fischer said. "The situation with inflation is better then we expected to see."

Ukraine has a stable and growing export sector, and the fall in productivity is slowing, he said. Relations with foreign creditors have improved, according to Fischer.

It is typical for all countries with transitional economies to experience trepidation connected to the painful changes involved, Fischer said.

"The most important for government now is to hold out," Fischer said. The president has revealed his steadfast position on this question, he said.

According to Fischer, the IMF considers three factors necessary for monetary reform: low inflation, a balanced budget and wage freezes. The IMF is ready to provide technical assistance for introducing the hryvnia, he said.

Although IMF approval has yet been given to grant Ukraine the third installment of the standby credit, Fischer said that talks are progressing.

The largest portion of the money will be provided in the second half of the year, Fischer said.

When asked about delays in delivering financial aid to Ukraine, Fischer said, "It is not out fault. The IMF abided by the letter of its agreement." He said that other assistance from the Council of Europe, the United States and Japan was also late in coming to Ukraine.

Currency stabilization should adhere to stringent conditions, Fischer said. One condition the IMF would like to see, he said, is stabilization of the value of Ukraine's currency relative to hard currency.

The hryvnia can do without it, Fischer said, but without implementing the measure, the IMF would not consider granting monetary stabilization funds.

Fischer: 'Progress' in Loan Talks

LD0208220195 Kiev UNIAN in Ukrainian 1400 GMT 2 Aug 95

[FBIS Translated Text] Kiev [no dateline as received] — There has been considerable progress at the talks between Ukraine and the International Monetary Fund [IMF] on the third tranche of its standby loan, Stanley Fischer, IMF first deputy managing director, told a news conference today.

To enable the final consideration of this matter to take place, Ukraine will have to take a series of steps in agreement with the government and the president, said Stanley Fischer. However, he added, "it was very likely that this tranche will be given the go-ahead," since a decision will be taken on the results of Ukraine's performance in the second quarter, which entirely met the IMF's expectations.

Stanley Fischer acknowledged that he was familiar with Ukrainian President Leonid Kuchma's speech accepting the impossibility to drive the level of monthly inflation in Ukraine down to one to two percent by the end of this year.

He went on to say that the subject of an IMF loan toward setting up a stabilization fund to provide for the launch of the hryvnya still awaited finalization.

Reforms in Ukraine have now entered their critical stage, Stanley Fischer said. Ukraine not being an exception as regards this, he added, it has the capability to continue reducing the rate of inflation and follow its earlier course.

Serbian Prime Minister Continues Official Visit

Kuchma Meets Serb Prime Minister

LD0208204695 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 2 Aug 95

[FBIS Translated Text] Ukrainian President Leonid Kuchma has voiced concern at the events currently unfolding in the former Yugoslavia. At his meeting with the Serbian Prime Minister Mirko Marjanovic, Leonid Kuchma pointed out that Ukraine endeavored to influence developments in the sector of the crisis in Bosnia, the more so in that a contingent of Ukrainian peacekeepers was involved. What is most important, the president told the Serb prime minister, who is leading a delegation on an official visit to Ukraine, is that we should seek to quickly end the conflict and lift economic sanctions against Yugoslavia for our life to be back to normal. We are bound by good relations, which is why we together have to think of our future and further cooperation, Leonid Kuchma said.

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The sides exchanged views on a number of subjects with regard to the two states' international and domestic policies and looked at the possibility of a peaceful settlement to the conflict in Bosnia.

Trade, Economic Cooperation Accords Signed

LD0208161395 Kiev Radio Ukraine World Service in Ukrainian 1200 GMT 2 Aug 95

[FBIS Translated Text] Agreements between the governments of Ukraine and of the Federal Republic of Yugoslavia on trade and economic cooperation and on establishing an intergovernmental Ukrainian-Yugoslav commission on issues of trade, and economic, scientific, and technical cooperation were signed on 1 August following negotiations between Ukrainian Prime Minister Yevhen Marchuk, and Mirko Marjanovic, head of government of the Republic of Serbia, who is staying in Kiev on an official visit. The Ukrainian side was also represented at the negotiations by Foreign Minister Hennadiy Udovenko and Deputy Prime Minister Anatoliy Kinakh, and the Serbian side, by Dojcilo Maslovaric, foreign minister of the Government of the Republic of Serbia, [name and title as received], Slobodan Babic, deputy prime minister of the Republic of Serbia, and Gojko Dapcevic, ambassador extraordinary plenipotentiary of the Federal Republic of Yugoslavia in Ukraine, as well as heads of a number of ministries and departments of the two states.

Kiev's Stand on Balkan Crisis Appreciated

LD0208165995 Moscow INTERFAX in English 1231 GMT 2 Aug 95

[FBIS Transcribed Text] Kiev, August 2 (INTERFAX-UKRAINE) — Serbia is highly appreciating an unbiased approach of Ukraine towards the settlement of the Balkan crisis, Serbian Foreign Minister Doicilo Maslovaric said in an interview with INTERFAX-UKRAINE Wednesday [2 August].

D.Maslovaric is in Kiev now as a member of Serb delegation led by Mirko Marjanovic, Serbia's Head of Government. On Wednesday D.Maslovaric has had an hour meeting with his Ukrainian counterpart Hennadi Udovenko.

This is not "simply a verbal evaluation", stressed the Serb Minister. He expressed his support for Ukrainian delegation's proposals put forward at the London meeting. The key meaning of the proposals, according to him, is "a settlement of the Yugoslav crisis by exclusively peaceful measures".

Asked about the possibility of negotiations to be held between the warring parties on a "three plus two formula" (Bosnia, Croatia, Yugoslavia plus representatives of Bosnian and Krajina's Serbs), D.Maslovaric stressed that his country supports every possible kind of talks "conducive to peaceful settlement of the conflict".

Meanwhile, he emphasized the necessity for searching for a compromise by "all sides". "None of the sides should be discriminated", the Serb Minister underscored.

Yugoslavia has accepted the Contact Group's plan, Maslovaric indicated, but he described it as "not an ideal for none of the countries". The Contact group's plan is a "good basis" for further talks, he stressed.

Serbian Premier Pleased With Visit

LD0208201895 Belgrade TANJUG in English 1839 GMT 2 Aug 95

["Pool" item]

[FBIS Transcribed Text] Kiev, Aug 2 (TANJUG) — Serbia's Prime Minister Mirko Marjanovic said Wednesday that his visit to Ukraine and talks with Ukrainian officials were very successful.

He singled out the significance of the signed agreement on trade and economic cooperation and the founding of a joint commission for the promotion of the bilateral economic relations.

Government delegations of Serbia and Yugoslavia ended a two-day visit to Ukraine Wednesday.

"Ukraine has made its full contribution to the calls for the lifting of the sanctions against Serbia and the Federal Republic of Yugoslavia," Marjanovic told TANJUG before leaving the Ukrainian capital.

"Serbia and the Federal Republic Yugoslavia have been urged by the most influential Ukrainian politicians to intensify relations with partners in Ukraine," Serbia's prime minister said.

"We have especially discussed in detail the opening of the Danube waterway, initially for the transport of humanitarian goods and food and eventually for the transport of all other products too," Marjanovic stated.

Serbia's prime minister said Ukrainian Foreign Minister Hennadiy Udovenko would soon visit Belgrade and Ukrainian President Yevhen Marchuk would do so later.

INTELNEWS Correction to Kiev Signing Trade Pact With Serbia

WS0208141595

Correction transmitted by Kiev INTELNEWS in English at 0015 GMT on 2 August corresponding to item

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run in 1 August Central Eurasia Daily Report in the Ukraine International Affairs section on page 53:

"Due to an editing error, an article in the Aug. 1 Intel-News (Ukraine To Sign Serbian Trade Pact) incorrectly attributed remarks made by Foreign Ministry spokesman Yuriy Serheev concerning Ukraine's signing of a trade pact with Serbia. While Serheev did announce Ukraine's intention to sign such a pact conditional upon the lifting of United Nations sanctions, he did not link this move with Ukraine's long-standing opposition to the sanctions themselves, as the article implies ('Kiev, July 31. Ukraine will take its opposition to United Nations sanctions against Yugoslavia one step further when it signs a trade agreement with Serbia, Foreign Ministry spokesman Yuriy Serheev announced Monday.') We regret the error."

National Affairs

Kuchma Sets Up Ministry of Defense Inspectorate

LD0208134895 Kiev Radio Ukraine World Service in Ukrainian 1200 GMT 2 Aug 95

[FBIS Translated Text] In accordance with President Leonid Kuchma's edict, a chief inspectorate of the Ministry of Defense of Ukraine is being established. This measure is directed at strengthening control over the process of reforming and building Ukraine's Armed Forces; its combat and mobilization readiness; operative, tactical, combat, and psychological training of the troops. The inspectorate is being staffed by the personnel of the central apparatus of this ministry and is its structural division. The new service is headed by the chief inspector of the ministry, who is appointed by the president of Ukraine, and is accountable to the leadership of the ministry. In accordance with the presidential edict, General Vitaliy Ryhorovych Radetskiy, has been appointed the chief inspector of the Ministry of Defense.

Kuchma Confirms Monetary Reform by October

LD0208200395 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 2 Aug 95

[FBIS Translated Excerpt] We need a hard currency that will have popular trust, which is why I repeat that there will be a monetary reform in Ukraine no later than October, Ukrainian President Leonid Kuchma said during his visit to the Ukrainian stock exchange on 2 August. There already are the necessary preconditions for this reform to be carried out. This includes a more or less normal economic situation. [passage omitted]

Security Service Head Views New Post

WS0308082695 Kiev KIYEVSKIYE VEDOMOSTI in Russian 28 Jul 95 p 17

[Interview with Colonel General Volodymyr Radchenko, head of the Ukrainian Security Service, by Oleksandr Ilchenko; in Kiev, date not given: "The Security Service Does Not Open Files on Reporters, Though the Salary of the Ukrainian Security Service Chairman Is Lower Than That of a Journalist" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] Colonel General Volodymyr Radchenko, as promised, has given his first interview in his new position to our correspondent.

[Ilchenko] What changed in this simple enough office after your arrival?

[Radchenko] Well, this is an interesting question.... Nothing has changed regarding the interior. Time will tell what changes will occur here.

[Ilchenko] So you changed nothing after taking this chair?

[Radchenko] Nothing. In general, I do not like chairs, so apparently I will change something. Or, perhaps not.

[Ilchenko] So the portrait of Leonid Kuchma was already here, the pictures hung, the radio and the copier were here too....

[Radchenko] Everything was like this. True, I brought the copier: Some documents that interest me need to be copied sometimes.

[Ilchenko] Can I ask tactless questions?

[Radchenko] Well, to some degree....

[Ilchenko] How much has your salary risen, for instance?

[Radchenko] Not much. You know that there have been certain changes in servicemen's salaries. I will know when I receive it. But I can assure you that my salary is lower than yours. Once, one correspondent (not from KIYEVSKIYE VEDOMOSTI but from another leading newspaper) told me how much he was paid.... Then I understood (Radchenko laughs —ed.) how important and responsible is your work, if you cash in so much money....

[Ilchenko] I see.... You predecessor said in one of his few interviews (specifically given to our newspaper) that he sees the Security Service of Ukraine as an "elitist, closed, corporative service." Do you share the opinion of General Malikov?

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[Radchenko] I also think that the service and everything going on here should be closed to everybody in order to protect state and departmental secrets.... The service should be only open to organizations controlling and supervising the secret service of Ukraine. This is natural.... Though, the nation, on the other hand, also has to know what the service does....

[Ilchenko] I had the impression that you were fairly open and candid as the head of the Ministry of Internal Affairs— in any case, to journalists. What about here and now?

[Radchenko] Does a man's nature really change when he changes jobs?

[Ilchenko] Who knows?

[Radchenko] The Security Service of Ukraine has a specific character, of course. For instance, it differs from the Ministry of Internal Affairs in the volume of classified information it handles. The service is assigned, along with fighting crime, to an enormous number of tasks ordered by the state, the government, and other institutions. These are our functions — the political and economic fields....

[Ilchenko] You said "ordered." Has anything changed in the system of informing the president?

[Radchenko] You can pass this question to the president's press secretary, and if Mykhaylo Doroshenko finds it necessary, he will answer it. I believe that the president, government, and the Supreme Council have to receive complete information on the situation in the country, abroad, and in all places where Ukraine has state interests. I try to do this.

[Ilchenko] I understand Leonid Kuchma receives a daily report on his desk, analogous to the one from the Ministry of Internal Affairs.

[Radchenko] This is quite a different report which includes not only information on past events, but also about what may happen — vital problems which are brewing or are ready to cause trouble....

[Ilchenko] Is this an analytical forecast?

[Radchenko] An analytical forecast, a situation analysis.... In some cases, we are justly criticized; sometimes, our documents are not of a high quality.... You were asking about salary.... The service also experiences staff problems; many employees leave, dissatisfied with their financial situation. Therefore, I hope that the latest decisions on raising salaries and using a flexible system of financial incentives will allow us to stabilize the situation and eliminate current shortcomings.

[Ilchenko] Staff decides about everything! I was taken aback by reports that our intelligence officers are still being trained in the Moscow Yuriy Andropov institute. Do you admit the possibility that during training, students might be recruited by intelligence services of other states?

[Radchenko] I will restrain from commenting. I have my own ideas on this score.

[Ilchenko] Can you be more precise?

[Radchenko] I cannot. Highly essential corrections are forthcoming in this matter.

[Ilchenko] What did you learn when you interior minister?

[Radchenko] I learned to respect police officers, as well as to better understand their diverrse tasks.... This will facilitate cooperation between the Ministry of Internal Affairs and the Security Service of Ukraine....

[Ilchenko] Recently, a lot has been written and said about the necessity of reforming the Security Service. Are you also 'for' this?

[Radchenko] I am, given that these reforms are directed to improving the service's operation. My predecessor, whom I deeply respect as a person and expert, implemented a number of cardinal changes to improve the organization, to reduce the number of employees in the unpromising fields of activity, and to strengthen the field positions that today are the key ones. I support him in this.

[Ilchenko] Let me object. It seemed to me that General Malikov far from supported reforms in the service.

[Radchenko] We are speaking about different things. As for the organizational changes, it is not worth implementing them today. The changes can only disorganize work, given the notorious financial difficulties and the single system of supplies and equipment. Organizational changes are expedient when proper conditions exist. There is a shortage of experts anyway, and if we start squandering them — you understand, it will do no good. Recently, very good professionals were transferred to other organizations; therefore, we have no people to share. And there is nothing to reform either....

[Ilchenko] Let us come back to your first day. How did you start?

[Radchenko] I started from examining current documents. There was no time to get into the swing of things. The chairman of the service has to have command of complete information on the entire Ukraine.... Incidentally, I asked my colleagues to help me, particularly

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at the beginning. You know that for a year, I had been working in a different capacity, away from the service.... Till 1994, as you also know, I had been deputy chairman of the Security Service of Ukraine.... Currently, I have to work a great deal; I do not interact with journalists not because I do not want to, but because there is too much work to do. This is an objective reason. I try to thoroughly investigate problems, which I have never tried to go into before....

[Ilchenko] Do you really study documents from morning till night?

[Radchenko] I want you to understand: The day of a chairman is very regulated. Everything is scheduled to the minute, including when and what documents I sign.

[Ilchenko] So when does a chairman sign the most important documents?

[Radchenko] At 0830.

[Ilchenko] Does this mean that your work day starts at 0830?

[Radchenko] Earlier. I come to work at 0740.

[Ilchenko] I can see that you have not dismissed the secretary who had been working in the reception room before your arrival.

[Radchenko] What for? The mechanism is adjusted — what is the point of giving it up?

[Ilchenko] Well, and did you manage to lure your driver and bodyguard from the previous job? What is your current office car, by the way?

[Radchenko] I do not have a bodyguard.... One driver did come with me, the second returned. They are the people who know my requirements and my way of life, formed in the course of years. I trust them.... As for office cars, I have two — a Volga and a BMW. The foreign car has been assigned to me the by the Cabinet.

[Ilchenko] Once, General Nikolai Poddubnyy told me and my colleague Aleksandr Korchinskyy that when you were interior minister, you did not allow yourself to raise your voice, even in a situation when it was excusable to show anger. On the contrary, you demnostrated exceptional composure. Is this true?

[Radchenko] I am a hot-tempered person....

[Ilchenko] Are you choleric?

[Radchenko] Perhaps. An investigation officer can be choleric; however, one cannot let one's emotions rule when holding a responsible post.

[Ilchenko] So, will you follow this principle also here?

[Radchenko] Of course. You, probably, also follow this rule.... One can condemn other people's actions, but not their personality.

[Ilchenko] Is this true that your department has opened a file on every journalist (particularly if he deals with criminal investigations)?

[Radchenko] Who said this nonsense! The period of political detection finished in 1991. No efforts by political forces will influence the situation. They cannot shake me in this respect, and no rightist, leftist, or centrist trends will draw me to their side. This is my credo. I have sworn an oath of allegiance. There are good and bad laws, but there are laws, and I will implement them.

[Ilchenko] Have you been ordained into the Cossacks?

[Radchenko] I treat history with great respect, as well as our Cossacks. One could say I was raised on examples from "Taras Bulba" and other literary works.... I want, however, to be correctly understood.... I am an officer of the Security Service of Ukraine. That is it! Membership in trade unions, public associations, or political organizations is out of the question....

[Ilchenko] Really? Do you not have your own trade union?

[Radchenko] We cannot have it. Instead, we have an officers assembly.

[Ilchenko] And the Court of Honor.

[Radchenko] Yes. Incidentally, the officers Court of Honor has just investigated the conduct of a certain officer who wildly celebrated his birthday; the court gave him a last warning. If a similar incident occurs again, the officer will be fired....

[Ilchenko] Did he wildly celebrate his birthday in this building?

[Radchenko] In this building — no way. In general, no one can celebrate anything in this building. It's taboo!

[Ilchenko] Really? One can do this on the sly!

[Radchenko] We will learn sooner or later, and this will have sad consequences.

[Ilchenko] You have mentioned "Taras Bulba," and I thought of a very interesting collection of essays presented to us — the editorial office of the "600 Lines" page — by a group of authors. The collection is called "From the History of Ukrainian Intelligence and Counterintelligence...." Have you ever come across it?

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[Radchenko] Naturally, I know one of its authors quite well: Volodymyr Stepanovych Sydak, who is the rector of our [Security Service] institute

[Ilchenko] This book tells us that our intelligence and counterintelligence were created as early as under Bohdan Khmelnytskyy.... (17th century Cossack leader]

[Radchenko] They were strong in the past. Thanks to them, the Ukrainian nation won many battles. There are many documents and evidence on this....

[Ilchenko] Are they strong now? If so, how strong? Even if there are no wars, battles, fights, there are still intelligence and counterintelligence officers, the secret service....

[Radchenko] What is the priority? The priority consists in providing information support for Ukraine's state security. Thank God, we are living in times of peace, but the economy has its battles, too.... A simple example: A contract is being signed, seemingly very profitable for Ukraine. Later, this contract turns into colossal debts, losses, and a loss of face for the Ukrainian state.... What I am driving at: Probably, since we have a department for the economy's protection, the department has to thoroughly investigate this contract, check the solvency of companies, carry out an examination.... Just the day before yesterday, I signed off on 38 such assignments! You can imagine the scale. This is far more important than detecting one villain....

[Ilchenko] To relax, one more tactless question. Are "bugs" installed in your office? Does anyone eavesdrop on us?

[Radchenko] We have proper protection from bugging devices here. Do you want me to switch it on? But then your dictaphone will be demagnetized....

[Ilchenko] This is some equipment.

[Radchenko] Incidentally, it is harmful to human health.

[Ilchenko] So let us talk about health. Once, you mentioned that it had been a 100 years since you had last sat with a fishing rod at some lake.... How about fishing?

[Radchenko] Oh.... I have hooks but I do not have time.

[Ilchenko] Holidays?

[Radchenko] You are again getting under my skin. How can I think about holidays? My first deputy, who heads a very important section, as you know, has been appointed chairman of the Customs Committee.... And this is a very responsible section....

[Ilchenko] What do you think about the memoirs by former Soviet intelligence officers, such as Shebarshin, Maksimov, Gordiyevskiy?

[Radchenko] I think that Shebarshin probably has a moral right to write something. The rest, in my opinion, nicely pull your leg with their "Aquariums," "Ice-Breakers," and other similar trash literature. Serious people, who were or are working in the intelligence or counterintelligence service (I have met some very prominent people), never wrote and will not write memoirs, it seems to me.

[Ilchenko] So it appears that you do not give us hope either?

[Radchenko] Well, I am not a writer. I am like in that joke — a reader....

Foreign Shelf Oil Development Criticized

WS0208140095 Kiev HOLOS UKRAYINY in Ukrainian 21 Jul 95 p 3

[Article by Edit Bohatska: "For Whom Will the Black Sea Shelf Work. Or, Is Ukraine So Rich As To Support Western Scientific and Industrial Potential With Its Resources?"]

[FBIS Translated Text] The press has recently become a place for heated debates devoted to the development of Ukrainian oil and gas deposits. Some people think that they should be developed based on national potential, others argue that we should seek assistance of foreigners and wait for dividends.

In HOLOS UKRAYINY of 23 May 1995, V. Tyshchenko, head of the Mineral Resources Department at the State Committee of Geology, drew an alluring picture of Ukraine becoming a land of milk and honey thanks to U.S., British, or other foreign companies possessing extensive expertise in shelf development — if they obtain operating licenses. It is surprising that he never heard how similar expectations of our northern neighbor turned out. As part of the "Sakhalin-1" project, Russia granted a license to the international consortium MMMMSh (Mitshui, Mitsubishi, McDermott, Marathon, and Shell) for developing oil deposits on the Sakhalin shelf. To get a license, the consortium promised the moon, saying, for example, that the required equipment will be manufactured largely at Russian enterprises (by contract, only a small portion of complex and sensitive equipment was to be brought from abroad). The MMMMSh leadership obviously acted in line with the Ukrainian proverb, saying that it does not take more than a promise to make a fool happy. After it received the license, the firm notified the Russian partner that sea drill platform

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would be made in Singapore, pipes imported from South Korea, and the rest of the equipment would come from the United States, Japan, and other countries. Even under such conditions, the consortium never started its work, and nobody knows when it will.

As for another project dubbed "Sakhalin-2," a license was given to the famous U.S. company "Exxon," and the result was the same.

Ukraine, too, has acquired some experience in, as V. Tyshchenko put it, a "quick and efficient development of natural resources." It has been a year now since the British company "GP Kenney" [as transliterated] obtained a permit to carry out survey and prospecting work in the "Delfin" [Dolphin] deposit near Odessa. Nothing has been done so far, and it is not clear when the work will start. While all contracts signed on the above projects specified termss of implementation, the way they were worded offered foreign companies numerous loopholes allowing them to delay the project at their convenience.

It is not all that hard to understand "where the shoe pinches:" The foreign companies devised their "order portfolio" for oil extraction as far ahead as the year 2005, which is the reason why they do not need to develop new deposits. In addition, this was a smart move on the part of Western companies, allowing them, almost at no cost, to hold their work until the world market prices rise. Of course, they could not care less about Ukraine's energy problems which are a noose around the neck of a young independent state.

From this perspective, it would be a useful thing for us to borrow some of Russia's experience. When it announced a tender for developing the Arctic shelf, there were many — just as in Ukraine now — who claimed that they, the Russians, had neither experience working in low-temperature conditions, nor money, modern equipment and technologies. This is why everything should be sold to foreign companies (and bidders were plenty). Taught a bitter Sakhalin lesson, Russia has chosen a different path. Knowledgeable people, Russian Science Academy Deputy Chairman Yevgeniy Velikhov among them, managed to convince the Russian president, who signed an edict granting a license for developing shelves to the Russian joint stock company Rosshelf comprising dozens of Russian enterprises, institutes, and design offices which largely belong to the military- industrial complex. The construction of a drilling platform has already been initiated, with most of the work (70 percent) being done in Russia instead of, say, in Singapore. The "shelf" project was joined by Design Office "Rubin," which used to design atomic submarines in the Soviet era and conversion plants in Severodvinsk where such submarines were made; the Krylov Central Scientific Research Institute (conducting activities similar to the Hydromechanics Institute in Kiev), and others. This means preservation of tens of thousands of jobs and development prospects for Russian industry, science, equipment, and technologies. Meanwhile, foreign companies are standing in line at the Rosshelf door, offering themselves as partners. But they are now invited to do only those project works that Rosshelf is not capable of doing on its own. Moreover, Russian and foreign banks enthusiastically agreed to give Rosshelf substantial credits, regarding future dividends as collateral.

The saying goes that wise people learn from someone else's experience, while stupid people learn on their own. I recalled it after a conversation at the Hydromechanics Institute on the planned tender for developing a Ukrainian stretch of the Black Sea shelf. Two committees, the State Committee for Oil and Gaz and State Committee for Geology, are doing their best to hasten the tender, saying that Ukraine is incapable of resolving these issues on its own. For example, responding to a question asked by Ukrainian Deputy V. Chemerys, B. Byalyuk, deputy chairman of the State Committee for Geology, answered without hesitation: "The available domestic technology allows to conduct work in sea regions that are not deeper than 70 meters, while foreign companies work in places that are 100 meters deep and even deeper." Is that really so?

True enough, Ukraine does not build drilling platforms that can penetrate that deep; not because it cannot, but because there are no orders. In Soviet times, Ukraine occupied a leading position in developing the sea shelf, particularly in providing scientific support — designing the necessary technical equipment. Stationary and half-sunk drilling platforms operating on shelves of the Caspian and Barents Seas and the Sakhalin Island were built according to projects made by the Sevastopol-based Central Design Office "Koral," which, incidentally, was the only organization in the Soviet Union specializing in this field. "Koral's" projects were the foundation for construction of 18 drilling platforms in the USSR and 13 platforms in Vietnam. They include platforms designed for a depth of 110 and 300 meters; these still operating in the Caspian Sea. Why should then foreign equipment work in the Black Sea?

Since 1978, Vitaliy Yakovlev, doctor of Technical Sciences and head of the Shelf Zone Hydrodynamics Laboratory at the Hydromechanics Institute, has worked on all projects aimed at developing the sea shelfs of Sakhalin Island and the Arctics. He is convinced that domestically made platforms are no worse than those made in Singapore. The level of design activities in

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Ukraine allows for adjusting in half a year the "Koral" Design Office's project to construct drilling platforms suitable for shelf development at the 500-meter depth. By the way, the Kherson plant is finishing testing a drilling vessel designed to work 300 meters under water and drill holes 6,000 meters deep. Even now, he said, at least 30-40 percent of the equipment can be found in Ukraine (after all, the country used to export pumps, drilling facilities, pipe-laying boats, etc); the rest can be procured in the CIS. Only the equipment that is not available should be purchased in the West.

The task to design relevant equipment could be assumed by Ukrainian Science Academy institutes, which have long experience in developing the shelf, such as the Paton Electrical Welding Institute, the Hydromechanics Institute, the Geophysical Institute, the Institute of Southern Seas Biology, and the Science and Production Amalgamation "Slavutych." These are only some of the Ukrainian scientific organizations that could join in shelf development. Five big Ukrainian ship-building plants are currently operating at a portion of their capacity. Two of them, the plant "Bay" in Kerch and the ship-building plant in Mykolayiv, have expressed their readiness to start constructing drilling platforms.

A question arises here: Why do bureaucrats from the State Commission for Geology and State Commission for Oil and Gas not know about these obvious things? Terms of this tender cannot be called other than a robbery: For the first five years, 60 percent of extracted oil will be used to cover seismological survey costs, which means that the company will not have to count and save its money — Ukraine will pay for everything with its natural resources. In addition, the manufacturing of necessary equipment at U.S. plants, where wages are the highest in the world, will also be financed from the Ukrainian pocket.

Yevgeniy Velikhov managed to persuade President Yeltsin not to give foreigners the Barents Sea shelf, relying instead on national potential to extract carbon deposits there. Who will convince the Ukrainian president? They say that Ukraine is incapable of resolving these issues on its own. Academician Vitor Hrinchenko, director of the Hydromechanics Institute, is convinced of the opposite. He presented his reasoning in a letter to the Ukrainian Science Academy Presidium. Hopefully, it will have an impact on the state officials that have the power to change Ukraine's Black Sea shelf. After all, according to rough estimates, up to 80 percent of oil-rich land plots will be developed and exploited by foreign companies for the next 20 years.

A perception is being thrust upon Ukraine that Ukraine is poor, and Ukrainians are stupid and good for nothing, and that only an "educated foreigner" can build here an earthly paradise. Not only the "oil" committees, but also managers of many state enterprises are oriented toward using foreign technologies, processes, and equipment. In this case, however, they should not be trusted. Trust but verify, the old proverb says. And it seems that people have not made a mistake also this time.

Uranium Miners Threaten To Strike

WS0208144595 Kiev INTELNEWS in English 0015 GMT 2 Aug 95

[By Viktor Demenov, "Special to INTELNEWS"]

[FBIS Transcribed Text] Chernobyl, Kiev Oblast, Aug. 1 — The 12,000 miners and workers of the Eastern Ore Mining and Processing Plant (OMPP) which extracts uranium ore in Kirovohrad oblast and process it in Zhovti Vody, Dnipropetrovsk oblast, have announced their readiness to strike.

The workers say they are upset because they have not received wages since April and because the state has halted all financing of operational expenses and research at their facilities, according to an appeal they addressed Tuesday to top government officials.

Officials and miners alike are blaming the situation on the collapse of the country's payment system.

The State Nuclear Committee's debt to OMPP has reached KBV1.5 trillion. The Committee in turn is unable to pay for the uranium because power consumers owe it a total of KBV40 trillion — an amount equal to half the cost of all the energy produced in the country during the first half of the year.

On Tuesday, a delegation of workers' representatives brought the document containing their demands to Kiev, where they met with Nur Nihmatulin, deputy chairman of the State Nuclear Committee Deputy chair of Nuclear Committee Nur Nihmatulin and Deputy Energy Minister Anatoliy Kinakh.

The workers were reportedly promised their back pay by Saturday.

Parents Fight For Right To Teach in Russian

MM0208144895 Moscow PRAVDA in Russian 1 Aug 95 p 2

[Report by Aleksandr Golub: "Language and Russophobia"]

[FBIS Translated Text] Lvov — The official Ukrainian authorities' blatantly discriminatory Russophobic policy, especially in the country's western regions, is forcing representatives of the so-called "ethnic minorities"

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to fight in earnest for their rights. Thus, in Ivano-Frankovsk Oblast parents whose children want to be educated in the Russian language have joined forces in a united parents' committee. They intend to defend their children's right to a full education in their mother tongue.

It must be said that the desperate parents are not demanding anything extraordinary. Educating children in the spirit and traditions of Russia's very rich culture in no way indicates the manifestation of a lack of loyalty to the Ukrainian state. The "Law on Education," the "Law on Ethnic Minorities in Ukraine," and the "Law on Language," as well as the Declaration of State Sovereignty and the Declaration of Rights of Ukraine's Nationalities," proclaim and guarantee these rights. But in actual fact everything is different. The problems of a significant section of society are of no concern to anybody. Including to the guarantor of freedoms, current President Leonid Kuchma, who made his main political bet on right-wing nationalist forces.

Unless the questions raised by parents are solved by the beginning of the academic year, similar committees from other oblasts intend to appeal to international human rights organizations, the EU Council, and UN structures, which will obviously not enhance Ukraine's international standing.

Crimean Parliament Demands Return of Russian Public TV

LD0208175595 Moscow Mayak Radio Network in Russian 1400 GMT 2 Aug 95

[FBIS Translated Text] The Crimean parliament adopted a resolution today, asking the government of that autonomous republic to take measures by 15 August to ensure that the broadcasts of the Public Russian Television [ORTV] are transferred back from the Second to the First television channel. Earlier the government of Ukraine had decided to transfer ORTV broadcasts from the First to the Second channel of Ukrainian TV where they would be interrupted from time to time by local broadcasts. The Crimean parliament also adopted an appeal to the [Russian] State Duma, saying the transfer of ORTV1 meant breaking the unity of the CIS information space and violating the rights of compatriots.

TV, Broadcasting Council Head Interviewed

WS0208114795 Kiev INTELNEWS in English 0121 GMT 31 Jul 95

["Special to INTELNEWS": Interview with Ukrainian National Council for Television and Broadcasting Chairman Viktor Petrenko by Halia Pavliva, place and date not given; first two paragraphs are INTELNEWS introduction]

[FBIS Transcribed Text] Late last year, Parliament passed temporary regulations on the National Council for Television and Broadcasting, an institution that had been originated by former President Leonid Kravchuk. The president and Parliament now each select half of the committee members. The newly formed body is called to issue licenses on activity in the television and radio ether as well as coordinate work on the Concept of Television and Broadcasting of Ukraine.

The council is headed by Viktor Petrenko, who previously headed the Dnepropetrovsk TeleRadioCenter. Though he had been known as a president's person, he had passed to the council in the list of candidates from the Parliament.

[INTELNEWS] Parliament has passed in the first reading a Concept of National Security, one section of which concerns information security. What changes will take place on the television and radio with regards to this security concept? What will the council do to develop the idea of information security?

[Petrenko] It is still premature today to speak about any concrete steps of the council on this issue. Today, we can only say that the council has started working on creation of a Ukrainian television and broadcasting code. It is a task for a series of organizations, and our task is to coordinate activity of the structures engaged in this issue as well as further implementation of the code. Therefore today, prior to adoption of the code, to name this or that idea would be, to a certain extent, premature. We can say that any state that respects itself must care about its security: both in terms of defense, military doctrine and information security.

[INTELNEWS] What are the basic provisions of the television and broadcasting code which is being developed concurrently with that of national security? Is there any influence of the latter on the former?

[Petrenko] Using military terminology, you know very well that in order to provide security for a state, it should have most various troops. They should be well trained and equipped. Let us transform this to television and radio. What does this mean? This means that we need to be well equipped, in the creative, technical and financial sense, with television and radio able to fulfill any task of the state on informing the Ukrainian population of what is going on in the country and abroad. Is Ukrainian television able to fulfill this task today? I think not to a sufficient extent. The main reason for it is the financial aspect.

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Ukrainian television and radio do not have their own press corps abroad. This is the first point. To effectively cover what is going on abroad, such a corps is necessary. Not only events arising in other states should be covered, but also assessments given to actions by the Ukrainian state in the international scene. We are not able to inform the Ukrainian viewers of that to a full extent. Unfortunately, our television and radio companies are forced to buy information offered by foreign information agencies, in their interpretation. Thus, already on the first point, we see that, if we want to provide information interests of our state, we have to think about serious improvement in the financial state of television and broadcasting in order to objectively illuminate the processes that are going on abroad in general and around Ukraine in particular.

The second point. You know that, to defend ourselves, we need to know what is to be defended and from whom. This is not the strategic kind of an opponent but, nevertheless, this is an economic opponent, a political opponent. Any state, though the absolute majority of states maintain normal partnership relations with Ukraine, has its own position in solution of these or those international issues, and we must be aware of this position. To be aware, it is necessary to possess a certain information network — a network of correspondents, other employees. It is necessary to have analytical centers which would analyze what is being said today about Ukraine abroad, what issues receive the most attention.

For some reason, foreign mass media pay little attention to some economic action aimed at introduction of the economic reforms, to some political action aimed at consolidation of efforts by the president and Parliament. But, once the regrettable clash in the St. Sophia square has happened — and there you go.

Why do only some regrettable failures evoke such a great interest? And then it is used to undermine the image of Ukraine abroad, to undermine the flow of investments. That means that there are not only friends here but also opponents. This ought to be known. Therefore, analytical centers are required, institutes, studies are required, which would keep us fully informed of possible consequences of these or those events happening here, in Ukraine, and of their objective illumination abroad.

We have to take care about that objective information is spread to all large, civilized countries of the world.

[INTELNEWS] Is information exchange envisaged?

[Petrenko] Yes, it is entering into agreements with foreign television companies, it is analysis of activity of foreign journalists accredited in Ukraine. To get the activity of foreign journalists analyzed and to say: guys, why in a year or in a month have you published not a single information in the paper you represent, released on the air not a single tele-, radio-material? What is this connected with? Were not you charged with such a task? That is, you task is only to wait until something will blow up here. You see? More than 50 foreign journalists are accredited here today.

[INTELNEWS] If the materials written by a foreign journalist accredited in Ukraine are not aired abroad, will the Council ask the management of the appropriate mass medium to send another correspondent or will you help the former one?

[Petrenko] No, why? We will help. We have to consult. Maybe, the journalists are just unaware of where they should appeal to. We have to work. But neither in the National Council, nor in the National Committee for Television and Broadcasting, is there any special service to work with foreign journalists. The information department in the Foreign Ministry is also rather small.

[INTELNEWS] How do you plan to implement this idea?

[Petrenko] I can say that, during our meeting with the president of Ukraine some two months ago, we voiced an idea there exists a certain information blockade, either conscious or subconscious. [There is a] certain information vacuum concerning Ukraine in information publications abroad. Simultaneously, there is a shortage of material on that which is going on in the world.

We voiced an idea that, in the near future, it is necessary to form a proper correspondent network abroad. The president gave us such authority, and today, as far as we know, steps are being worked out to increase our presence abroad.

[INTELNEWS] Will attempts to increase the presence of Ukrainian state media on the international scene be financed from the budget?

[Petrenko] Right, if other structures do not chime in of course... We cannot do without it.

[INTELNEWS] Are these commercial structures?

[Petrenko] Why not?

[INTELNEWS] Is there any danger of their exercising undue influence on state television and radio?

[Petrenko] I don't think so.

[INTELNEWS] What will the National Council do in a situation in which a foreign journalist continually writes unfavorable stories — from a Ukrainian point of view — about Ukraine and sends them abroad?

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[Petrenko] It is beyond our task to intervene in the work of journalists. I will see the way you will publish this interview. And if I think it is right thing to do, I will find some time to talk next time.

I think in a certain stretch of time the things that the National Council deals with will be interesting not only for Ukrainian publications, but also for foreign ones. Some publications will receive information from us in five minutes after a decision is taken, others will always be late. And it has nothing to do with pressure. Frankly speaking, everyone should take his own particular position.

Anyway, there exists such a form as the letter to Motherland, in other words a letter to the newspaper editor-in-chief or to the television and radio company president to inform him about events that occurred in Ukraine and about passivity of the correspondents. They could have met with top state officials, with the president, not of course with a provocative mercenary question, but with a direct question that they are interested in having answered.

[INTELNEWS] When will the television and radio broadcasting code be adopted and what will it regulate?

[Petrenko] We plan to implement the first version of the document by this autumn. This stipulates the distribution of channels and frequencies. We will pay much attention to technical development, because there are some regions of Ukraine that cannot receive programs of Ukrainian television. Just think of it. For example, some northern regions cannot watch Ukrainian television. Instead they can receive Russian and Belarusan programs.

[INTELNEWS] Is it a large percentage of the population?

[Petrenko] Two or three percent. Although the percentage is not significant, the situation is still not normal. We have to give these people the possibility to watch Ukrainian television.

On the other hand, not all Ukrainian oblasts are able to receive the second channel of Ukrainian television. We have to work on this as well.

Another problem is the programs on television. We should think about which programs are to be on national television, and which programs belong on regional and local television. The code should consider this question. It should also regulate our relations with foreign television companies. You know today the Ostankino channel broadcasts only its own programs, while according to Ukrainian legislation, any channel should have no less than 50 percent Ukrainian programs.

[INTELNEWS] Does Ostankino pay?

[Petrenko] Ostankino pays nothing for the distribution of its signal in Ukraine. Nobody pays us for using our technical equipment. So we have this problem to consider. We should decide upon a way to give our people the possibility to watch the most popular Ostankino programs and Russian television programs, but at the same time to transmit Russian channels in accordance with Ukrainian legislation.

[INTELNEWS] How can it be done?

[Petrenko] There are some ways to solve this problem. First way is try to reach an agreement with Russia on payment for its transmission, second way is retransmission of Ukrainian programs on Russian territory in volumes equaling to the transmission of Russian programs on the territory of Ukraine. The third way is to create a new legal body, a new television company, which would take responsibility (legal and financial) for transmitting programs from Russia. This new television company would form programs, where 50 percent would be Russian programs and the other 50 percent Ukrainian ones. And the financing of transmission would be covered either from advertising activity (Baltic countries have such experience), or by local budgets.

Every region of Ukraine, taking into account the audience and interests of local authorities, may finance Ostankino programs. We have some proposals regarding this question. Besides, there are some other ways. When advertising is renewed on the Ostankino channel, this problem will be solved.

There exists relatively inexpensive equipment for receiving signals from satellites for further retransmission. This equipment enables us to avoid more expensive ground transmission of signals. Zaporizhzhya and some districts of Dnepropetrovsk currently use such equipment.

[INTELNEWS] Do you think Ukrainian television has to fight for the viewers that have already been won by Ostankino?

[Petrenko] I would not give any advice here. I can say we have many possibilities for competition with Ostankino. Of course it is difficult to compete, but we do not need to set such a task before us that people should watch our television only.

[INTELNEWS] Can you explain your vision for Ukrainian national television?

[Petrenko] In a state that respects itself, there should be state television and mass media which inform about that or another event the way the president, Parliament

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and the government understand it. I think it right to ban live broadcasting of parliamentary sessions. Live broadcasting does not reflect what is going on in Parliament. Spectators do not understand what deputies have just voted for. Viewers need to be informed about questions to consider, decisions that were made, supporting them with commentaries.

As for a state press, we do not have it at all. I think we need a legislative act, a document, regulating dissemination of information about activity of state top officials and structures. And I do not know who is to work out such a document. This document must stipulate when, who and how much time should be given for a speech of the president or, say, the speaker. It should be a law.

[INTELNEWS] Should this law be adopted by Parliament?

[Petrenko] Not necessarily by Parliament.

Economic Issues

Supreme Council Budget Decree for 1996

954F2885A Kiev GOLOS UKRAINY in Russian 19 Jul 95 p 3

[Decree of the Supreme Council of Ukraine: "Guidelines of Fiscal Policy for 1996 (Budget Resolution)"]

[FBIS Translated Text] Proceeding from an analysis of the country's economic situation and based on forecast macro-indicators of the development of the economy of Ukraine for 1996, the Supreme Council of Ukraine resolves:

1. To consider as the guidelines of fiscal policy for 1996:

a strengthening of the social orientation of the budget;

the creation of the conditions for macroeconomic stabilization of the economy and furtherance of its structural reorganization;

an easing of inflationary processes;

furtherance of the stabilization of material production and its increased efficiency;

a search for additional sources of budget revenue;

support for the efficient use of budget funds.

To specify the redistribution via the revenue side of the consolidated budget of Ukraine of not more than 47 percent of the gross domestic product.

2. To adopt the following measures for an easing of inflationary processes:

to reduce the overall amount of the budget deficit to 6 percent of the gross domestic product. To expand the use of nonemission methods of financing the budget deficit, thanks to the issue of government securities included;

to reduce the budget's subsidy costs;

to include in the budget for accounting purposes all extra- budgetary funds of financial resources, of councils of all levels included, payments into which are compulsory, without a change in their specific purpose;

to create the foundations of a treasury system of administration of the state budget of Ukraine. To intensify supervision of the earmarked, economical, and efficient expenditure of budget funds and the size of the public domestic and foreign debt.

That budgetary assistance for the funding of investment programs shall be determined by the government in the priority areas. That the list of priority programs funded from the budget shall be presented together with the draft budget for 1996.

3. For an improvement in the financial position of enterprises:

to complete prior to 1 September 1995 the Concept of Tax Policy with determination of the maximum permissible rate of taxation of enterprises with the aim of a reduction here;

to continue the transfer of facilities of the social sphere maintained from enterprise profits to the ownership of the local authorities with determination of the actual sources of financing;

to preserve the privileges in terms of the taxation of enterprise profits in respect to those used for the maintenance of facilities of the social infrastructure;

to develop in 1995 a new system of bookkeeping and statistical accounting in accordance with the new requirements.

4. For a broadening of the sources of revenue of the budget as of 1 January 1996:

to prepare revisions to legislation concerning cancellation of the privileges in the payment of duty for all legal entities and individuals when importing from overseas all commodities, raw material, and equipment, other than those used for production needs;

to introduce a differentiated tax on the real property and assets of value of the citizens, specifying here a tax-exempt minimum and a sliding scale of taxation;

to extend the list of commodities subject to excise consumed chiefly merely by the well-to-do strata of society;

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to introduce a government monopoly on the production and sale of liquor and vodka products, wine, and tobacco products.

5. To form the expenditure side of the budget on the basis of the following provisions:

to back primarily with the necessary financial resources the implementation of measures for the social protection of the population and the maintenance of social and cultural establishments and for real social support for the strata of the population that are unfit for work. To provide for this expenditure for the said purposes of no less than 35 percent of total expenditure of the consolidated budget. To gradually replace budgetary grants for housing and public utilities by the payment for services with the simultaneous transfer of the amounts of the grants to personal monetary income. To prepare revisions to legislation concerning the cancellation of certain privileges for the population, in the payment for housing and public utilities included, with the transfer of the funds thus released to targeted disbursements to the population and subsidies;

to proceed during elaboration of the budget from the fact that minimum earned pension be no lower than the insufficiency line;

to concentrate expenditure channeled into the national economy and structural reorganization in the development of the agro- industrial and fuel and energy complexes, transport, and science and the science-intensive branches and to provide for expenditure to this end of not less than 25 percent of total expenditure of the consolidated budget. To support first and foremost enterprises that have a high scientific engineering level and a large social sphere on their books;

to determine spending on defense and the support of the organs of state administration on the basis of planned specific measures to perfect their structure and a precise determination and allocation of functions, making provision here for the funding of this expenditure in amounts no greater than determined for 1995 in relation to the overall expenditure of the consolidated budget. To confirm specific funds for the financing of the maintenance and expenditure for operations connected with the transfer to the jurisdiction of the local authorities of facilities of the social sphere in the event of the elimination of military formations and in other instances according to the calculations of the Ministry of Defense of Ukraine;

to provide for phased compensation to citizens of Ukraine for losses from the depreciation of cash savings in institutions of the Savings Bank of Ukraine and securities of the former USSR.

6. To provide in the draft law of Ukraine on the state budget of Ukraine for 1996 for the distribution of expenditure of the state budget of Ukraine into current expenditure and development expenditure and expenditure in a ministry and department context.

To determine the approximate indicators of the expenditure side of the consolidated budget of Ukraine in the funding of education, health care, science, culture, and the agro-industrial complex in accordance with the law of Ukraine "The Budget System of Ukraine."

[Signed] O. Moroz, chairman of the Supreme Council of Ukraine
City of Kiev, 7 July 1995.

Minister Clarifies Price, Wage Policies

WS0208112095 Kiev KYYIVSKA PRAVDA in Ukrainian 25 Jul 95 p 2

[Interview with Viktor Kalnyk, deputy minister of economy, by UKRINFORM correspondent M. Tarnavska; place and date not given: "We Have Already Experienced the Price Shock; It Was Last Year" — first paragraph is KYYIVSKA PRAVDA introduction]

[FBIS Translated Text] Price increases for basic consumer goods are always a painful process, even if they are "unsubstantial." How long will the process of so-called price adjustments continue in our country? This was the question that the UKRINFORM correspondent asked Viktor Kalnyk, Ukrainian deputy minister of economy.

[Kalnyk] Since 1 July, the people have seen no new price tags on basic consumer products, as was the case during the initial phase of price liberalization. Hopefully, we will no longer see big price explosions. They should never take place if the state continues to resolutely introduce a market economy.

The first wage of the shock therapy rocked our country in November-December last year. That was a major adjustment connected with the liberalizing foreign currency exchange rates and reforming price-making and wage approaches. In other words, that was a truly crucial moment. The whole process has since become predictable in nature, while the price adjustment is accompanied by measures intended to enhance social protection of the population.

The 1 June and 1 July price adjustments came as one package, that is, people did not feel the increases in apartment rents before July. The whole social protection mechanism, embracing wages and pension hikes in the budget-financed industries and municipal subsidies, had been introduced well in advance. Services in charge of

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protecting the population against increases in municipal service fees were established in May. Let me remind you of a well-known regulation. If an individual with an apartment which fits a sanitary norm of 21 square meter per one person registere has to pay more than 15 percent of his combined income in rent and municipal service fees, he can apply to the municipal subsidy service, which is obligated to help him. There are funds allocated for this specific purpose in the budget. In addition, wile we used to provide subsidies primarily to the urban population, the municipal subsidy services have now been also set up in rural areas. The earmarked subsidies will cover the increase in cost incurred by peasants purchasing propane, natural gas and solid fuel.

As of 1 June, new apartment rents and payments for municipal services were introduced; and as of 1 July, new rates for gas, electricity, and housing space were introduced. The price of 1 square meter of housing jumped from 2,600 karbovantsi [K] to K4,000.

The electricity price hikes are "cushioned" by 15-percent wage increases for people employed in budget industries and a 30-percent increase in pensions.

Yes, the price adjustments are continuing, and they are warranted by the present situation. To minimize its negative consequences, it has been deliberately divided into stages. For example, bread prices in regions rose by 15-20 percent in May. Communications charges, as well as rents and municipal service fees, became more expensive as of 1 June, including for the sewage system, heat, and hot water. As of 1 July, consumer rates for natural gas grew an average 1.5 times, and for electricity to K5,200 for one kilowatt-hour.

At present, you can say that 30 percent of the municipal services costs are covered by the state, while the remaining 70 percent is left unsubsidized by the state. It is a huge sum which, excluding subsidies, amounts to nearly K150 trillion annually.

The state will not begrudge the money for subsidies, as this is the key element in the process of bringing costs of housing paid by the population up to its real value.

The government will continue to implement its decisions in this sphere on a staged basis.

I have already said that wages for the budget-financed industries were increased beginning 1 June. Pensions and all other payments jumped by 30 percent. But wages in the material production sphere are growing as well. In April, they grew by 7.9 percent, compared with their level in March, and an additional 12.2 percent in May. Net profit went up 13.4 percent. The same increase was reported also in June.

In other words, wages were increased "with a leeway" — enough to last until 1 September. This will be the beginning of the next stage of compensation for the population, which will be 40 percent of the increase in fees and prices. Please note that it is going to be 40 percent, instead of the 60 percent earlier planned. The next adjustment will take place in 1996. If a monetary reform is carried out during this period, another minor adjustment will be possible.

[Tarnavska] But it is no secret even to schoolchildren that when energy sources become expensive, everything becomes expensive. What will be the consequences of the present price adjustment?

[Kalnyk] We can already feel these consequences. The combined inflation index stood at 4.8 percent in June. That is, compared with May, everything became more expensive by 4.8 percent in June. This is a comprehensive indicator showing the dynamics of change in retail and wholesale prices. The coefficient of retail and wholesale prices is 1.3. In our country, the indicator of wholesale prices is always slightly higher than that of retail prices.

Also, I would like to warn against one erroneous perception. Introduction of the by-the-hour pay is not yet a reform — it is only part of establishing a fair correlation between wages paid to employees with different qualifications. Expressed in figures, this measure represents only 15-20 percent of the entire set of moves of the wage reform, while the fundamental change in approach accounts for the other 80 percent.

In July, the aggregate index of inflation will not go up unless something extraordinary happens. What do I mean by that? For example, when the state again issues more money to buy agricultural products, or when an unbalanced monetary policy affects the budget deficit, spending more than was originally planned. The situation can also be disturbed by a decision to abruptly raise the minimum wage up to the value of the consumer basket. Then you can definitely multiply all prices by the number at which the minimum was raised. The rule is as follows: The more money in circulation, the faster the pace of its depreciation nears geometrical progression.

[Tarnavska] This is surely a trait of our mentality — to live hoping for the better. Are there any economic grounds for such hopes?

[Kalnyk] People's real incomes are declining much slower than inflation is growing. I am convinced that within the second half of the year, we will manage to entirely stop the drop in real incomes of the population. With stable prices, their incomes will start to gradually

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grow, creating an incentive for enterprises and organizations to work stably.

Nothing can deal a more severe blow to enterprises and people than inflation. I am surprised by statements made by some economists that the high level of inflation can protect people. Inflation is always most debilitating for small manufacturers and private individuals, while it indeed can prove profitable for big enterprises. After all, they have access to bank credits and can always save themselves, keeping their production in warehouses and later selling it for new, higher prices.

Statistics show that people's real incomes can only grow if the inflation rate is sustained on a stable low level. This, in turn, boosts their purchasing power and spurs production at enterprises.

Unless the above three factors disturb the situation, I am sure that we will reach the stable low level of inflation by the end of this year. An inflation of 3-4 percent is not all that low. In the economically developed countries, it stands at 2-3 percent annually. But for us, 3-4 percent would be a truly great achievement.

Over the past two months, our inflation was 1.5-2 times lower than in Russia. Unlike in Russia, Belarus, and other CIS countries (except for the Baltics), our situation has become predictable. We proceed from the real, close to international price levels on energy sources. This does not apply to the municipal sphere, though. For well-known reasons, prices here are kept artificially low. In other words, the rest of CIS countries still have to conduct the process of adjusting the real energy source prices based on their cost of production. At present, prices for energy sources in Russia are two to three times lower than in Ukraine. This, however, also has negative consequences for us, because the higher price of products makes them less competitive in the eastern [CIS] markets. But in terms of future development, our enterprises are in a better economic situation.

[Tarnavska] Does this mean that Ukraine did not undergo the price shock in vain, starting its reform by addressing key tasks?

[Kalnyk] Yes, as for the qualitative foundation, it is there and its essence lies in the production costs of, for example, agricultural products, etc. Having predicted all stages in our price moves last year and in the first quarter of this year, we came to this year's harvest with a realistic purchase price for grain, which makes us more assured that retail prices for bread will not change considerably.

[Tarnavska] It has been repeated that the state will base its social protection policies on aid to the elderly, the disabled, children — all those who cannot support themselves. The rest of the population should take care of their own lives, that is, work and earn. What does your ministry say about the future reform of wages?

[Kalnyk] Wage reform can only be carried out with a drop in the structure of production costs and prices. Of course, one could triple wages overnight by issuing one edict. This, however, would not be a reform.

Wages are determined by two factors — labor productivity and the share of taxes in production costs and prices. These are the primary factors, although there some other minor ones.

If enterprises receive incentives to work, operate at a higher capacity, and if prices remain stable and inflation low, all enterprises will see that the only way to conduct business is through cutting back on energy resources and ushering in energy-saving technologies. In Ukraine, energy consumption per one production unit is probably the highest in the world — five to 15 times higher than that in the developed countries. What other facts are necessary to really start economizing on energy sources? This would create a cut in the production cost structure allowing us to pay wages.

All energy-saving methods that have been conducted so far — the industrial reconstruction to ensure stable and low prices — is one of the preconditions for reforming wages. The second precondition will be met if we manage to eliminate our tough tax policies on manufacturers. Such intentions have already been voiced. With stable prices, tax policies regarding manufacturers will be substantially changed and eased as soon as 1996.

So, we can only embark on wage reform if economic reconstruction spurs the process of saving energy sources, as well as saving on wages spent per one production unit coupled with increasing productivity and lowering taxes.

Otherwise, the wage economy does not make any sense. The outcome will be that our salaries will grow threefold, but when we go to the store, we will see that prices for bread and other productshave jumped five-fold.

Industrial Minister Views Pricing Policy

954F2882A Kiev KIYEVSKIYE VEDOMOSTI in Russian 19 Jul 95 p 6

[Interview with Professor Valeriy Leonidovych Mazur, minister of industry, by Irina Titova, VEDOMOSTI correspondent; date and place not given: "Professor Mazur Likes Exciting Sports, But He Prefers a Sensible and Systematic Approach to the Economy"]

[FBIS Translated Text] Valeriy Leonidovych Mazur is 55 years of age. He is a professor. He is an

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honored scientist and technician. It is said that he is an excellent mathematician. True, in the second year at the institute he missed all the lectures on differential equations. On the other hand he later made up the whole course, but independently. He is a person who easily gets carried away. His arsenal includes 15 books, 250 scientific articles, and 150 inventor's certificates. He started to work at the Nikopol pipe plant as an assistant rolling mill operator. He comes from a family of metallurgists. The overall work service of the family, including the brothers of his wife, who by profession is a metals physicist, is 250 years. He has worked at institutes. However, not academic ones, but those that implemented new technical decisions. He spent nine months out of the year on business trips— he worked on putting large facilities into operation. He made his contribution to the assimilation of sheet production at the Volga motor vehicle plant, the rolling of motor vehicle sheets at Novolipetsk, and he worked at Magnitka [Magnitogorsk Metallurgical Combine]. He spent more than four years of pure basketball time at the Karaganda metallurgical combine. He became a laureate of the State Prize of the USSR Council of Ministers for initiating the production of tin plate. He prefers exciting types of sports: soccer, table tennis, sailing. He professes one principle: Work for a result. Two weeks ago he was appointed minister of industry.

[Titova] Valeriy Leonidovych, did your appointment come as a surprise to you?

[Mazur] No. This possibility was discussed with Anatoliy Konstantynovych Holubchenko, the previous minister, who was planning to take up work as a deputy. It was then that he said that I should ready myself as one of the candidates for this post. But first of all, I calculated and proceeded on the basis that it was possible to agree only providing that I had the support of the directors corps and the managerial staff of the ministry. That is those forces that make it possible today to support the level of production. The minister cannot do anything by himself. Problems have to be resolved only in close contact with the managers of enterprises and cooperating ministries. But the problem is that each one looks out for himself. They reason this way: I answer for my sector, my plant, my central administration, my ministry. Therefore, it is only here that they endeavor to establish order. This is proper. This makes it possible to maintain a balance of forces. But when they violate it, and lobby for their own interests, when they push through a decision only for one, when indulgences and privileges emerge, negative consequences occur in other branches. The jump in prices is an example. In my opinion, before raising prices it is necessary to calculate how this decision will affect the whole chain. Prices were raised for electric power—ferroalloys increased in price; after all, 70 percent of the prime cost is made up of the cost of electric power. If the production of ferroalloys was profitable, it immediately became unprofitable. But, after all, this is one of the export articles. This means that hard currency returns to the country were cut. No one thought about what kinds of losses could be borne.

[Titova] What was done, was done, and it is impossible to bring anything back.

[Mazur] Why? If prices are not optimal, it is possible to retrieve them. Remember, Yukhym Zvyahilskyy at the beginning of 1994 raised the price of coal on his own, contrary to the advice of the managers of the largest industries? After all, they warned: You cannot do this. And what happened? According to the balance sheet, in order to produce the necessary amount of metal, we require 9 million tonnes of coal. As soon as we increased prices, Russia immediately did the same. There is one and the same argument: You pay your own a higher price, why should we sell coal at last week's prices? They raised the price to $5, $6, $8, and we lost $30 million! This is equivalent to the credit that we travel for and solicit in other countries. The competitiveness of our products fell sharply—the price of metal became higher than the world price. So, machine-building stopped. There is the closed circle for you. There is a limit beyond which it is impossible to raise prices. First receipts grow, but only to a certain level. Then they fall sharply. No one gets anything. It is necessary to find the point below which they cannot fall.

We took an unprecedented step today. The Ministry of Industry proposed the establishment of a coal industry stabilization currency fund and to allocate 5 percent of profits to it. Lower prices! The cost of products will fall here, and we will begin to produce more. But. The money must go only for these purposes, and not for the construction of another health center. This is the problem. Industry must not eat itself up, it should work for the people. And do not forget: Industry produces 45 percent of the income of the national economic complex.

[Titova] Did you take part in the elaboration of the program of the new government? Judging by the theses, you should like it: The main emphasis is placed on the microlevel, on support for production and resolution of the nonpayments problem. Indeed, you somehow very quickly received credits for settlements with the miners.

[Mazur] At the macrolevel our National Bank, Ministry of Economy, and Ministry of Finance have already learned how to restrain the situation. Therefore, the shift to the microlevel is correct. We met with Viktor Yushchenko, chairman of the board of the NBU [National Bank of Ukraine], and decided to conduct per-

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manent consultations. A stable rate of exchange is very good. But this is not an end in itself. We stopped the rate of exchange, but together with this, all production as well. I am for tying the rate of exchange of the national currency to prices. It is necessary to see how this will affect the operations of plants, to systematize their problems, and to make decisions. The last credit, actually, was allocated for settlements with the miners. But, after all, this situation comes up continuously. Every month. And every month "at the top" they think feverishly about what to do. But a system is necessary. We told the miners: Do not deliver coal to enterprises that will never pay you. But, after all, they are delivering it! The Cabinet of Ministers took the liberty of asserting that it will raise performance discipline and the level of controllability of enterprises. But the ministries should resolve the strategic problems of the branch, and not get bogged down in problems of mutual settlements. The director will take care of this.

[Titova] You have already been in touch with your colleagues— the ministers. Is there mutual understanding? What are the points in common, and what are the differences?

[Mazur] In my opinion, Viktor Poltavets, minister of the coal industry, has selected a very capable staff. We will find reasonable solutions. I am sympathetic to the ideas and approach to work of Vasyl Gureyev, the new minister of economy. The first conference he conducted in his new position was devoted to miners' problems. He understands that this is now a very painful subject. I like the approaches of Viktor Kalnik, deputy minister of the economy, to price formation: It is impossible to jack up prices endlessly, this will lead to a catastrophe. As I have already said, we will work closely with the National Bank. So there is a mutual understanding. And there is a desire to cooperate.

Association Assesses Banking Sector

WS0208141495 Kiev INTELNEWS in English 0015 GMT 2 Aug 95

[FBIS Transcribed Text] Kiev, Aug. 1 — The Association of Ukrainian Banks [AUB] on Monday [1 August] released results for its participating banks through the first half of 1995.

Antonina Palamarchuk, AUB vice president, said that out of 210 operating Ukrainian banks, 84 provided requested information to the association. Palamarchuk said that all AUB member banks honored the request except for INKO.

Palamarchuk said that according to the information received, Ukraine's eight most stable banks are: Ukrayina, UkrSotsBank, HradoBank, UkrInBank, PrivatBank, First Ukrainian International Bank and Aval.

Commercial banks were seriously affected by the nonpayment problem, Palamarchuk said.

Bankers told Palamarchuk that Ukraine's banking crisis will remain an for extended time.

As of May 1, Palamarchuk said, overdue debts totaled KBV13.9 trillion, and prolonged debts came to KBV10.3 trillion. Palamarchuk said 54 commercial banks had losses, 19 were insolvent and 12 were not liquid.

According to Palamarchuk, "despite the difficult state of several banks, none of them received a stabilizing credit from the National Bank of Ukraine [NBU]."

Palamarchuk said the NBU granted no stabilizing credits because none of the banks was able to provide a normal improvement program and guarantees for credit repayment.

Many banks said, according to Palamarchuk, last quarter's NBU discount rate decrease from 96 percent to 75 percent was too steep and created difficulties for them in fulfilling their obligations to investors.

The AUB also demands greater governmental and NBU protection for domestic banks, Palamarchuk said.

Among positive changes in the country's banking system, Palamarchuk said, were growing bank activity in domestic state loan securities and authorized fund growth for the "new wave" banks, such as HradoBank.

Enhancement of the credit card and travelers' checks service network was also a plus, Palamarchuk said. As a result, 17 major banks formed the closed joint-stock company UkrCard, aimed at forming a national plastic card circulation system, Palamarchuk said.

Second quarter results show overall improvement of Ukraine's banking situation Palamarchuk said. Capital growth increased by 91.5 percent, authorized funds by 56.2 percent and bank deposits by 17 percent. Palamarchuk said citizens' deposits grew by 46.2 percent, loans by 52.6 percent, and total assets grew by 81 percent. Profitability amounted to 1.27 percent of assets, Palamarchuk said.

State Property Fund To 'Unload' Certain Properties

WS0308112495 Kiev INTELNEWS in English 0041 GMT 3 Aug 95

[By Borislav Achem, "Special to IntelNews"]

[FBIS Transcribed Text] Kiev, Aug. 2 — In the wake of its failure to privatize the vast majority of the more

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than 12,000 construction projects that sit uncompleted throughout Ukraine, the State Property Fund has decided to give many of them away.

Many other properties will be also sold at discounts as high as 50 percent, according to the SPF.

The Cabinet of Ministers, after learning at its Monday meeting that only 0.5 percent of the 9,100 industrial and 3,000 non-industrial incomplete construction projects in Ukraine have been privatized, ordered the SPF to redouble its efforts to unload the properties, valued by the government at a total of KBV250 trillion (more than US$ 1.6 million)

Yevhen Hryhorenko, the SPF's first deputy chairman, announced Tuesday that the projects will be inventoried and divided into three groups, based on their attractiveness to buyers.

While the choicest properties will continue to be offered for sale at their current asking prices, a second group will be offered at discount while a third group will be given away.

The only conditions to be imposed upon the new owners is that they complete the projects and create employment in the process. The land on which the project sits will be leased to the owner for 50 years.

Hryhorenko, in making the announcement, said, however that he was concerned over the prospect that officials of various ministries will attempt to "hide" the properties from sale for their own gain.

In case the projects prove impossible to unload despite the new lenient terms, continued Hryhorenko, the equipment and construction they contain will be sold or utilized piecemeal.

In addition, the SPF decided to form a commercial organization under its authority to take charge of the search for buyers.

According to the Statistics Ministry, only 40 incomplete projects to date have been privatized in Ukraine; 15 of them in 1994, and 13 in the first half of 1995.

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Belarus

Vatican Concerned Over Decree on Foreign Clergymen

WS0308091595 Minsk BELAPAN in English 0807 GMT 3 Aug 95

[FBIS Transcribed Text] On August 2 the Prime Minister of Belarus Mikhail Chyhir received Archbishop Augustino Marcetto, the Apostolic Nuncio in the Republic.

According to information received from confidential sources, the Archbishop made an emphasis on the worsening environment in which the Catholic Church operates in Belarus. He also expressed anxiety in connection with recently adopted "Decree on the Order of Invitation and Activities of Foreign Clergymen on the Territory of Belarus". This document toughly regulates the order of invitation, stay and activities of foreign priests in this country. In particular, it demands their arrival to be coordinated with the Department of Religion, registered at the executive bodies of regional level, etc.

Augustino Marcetto did not go into details. He only said to a BELAPAN correspondent that during the meeting with Mr. Chyhir he informed him of the problems of the Belarusian Catholic Church and spoke on the relations of this Church with the state.

Government To Step Up Assistance to Poor

WS0308082195 Minsk Radio Minsk Network in Belarusian 0700 GMT 2 Aug 95

[FBIS Translated Text] Belarusian residents' budgets will feel the increase in fees for housing and municipal services very soon. In many families, these new fees will exceed 15 percent of their income. (?So, they will possibly become debtors to the state.)

To protect the least financially secure people, a decision has been adopted to reestablish the Cabinet of Ministers resolution on the procedures and conditions to issue noncash housing subsidies to the people. This assistance will be provided in the form of reduced payments for housing and municipal services, or simply, the state will pay for those who are most indigent.

According to experts, some one-fifth of the people will receive assistance.

Agricultural Minister Points to 'Negative Trends'

WS0308102795 Minsk BELAPAN in English 0807 GMT 3 Aug 95

[FBIS Transcribed Text] Careless attitude to agriculture and the expressed state fiscal policy prevent the development of the Belarusian agriculture. According to the Minister of Agriculture Vasil Lyavonaw, these are the very reasons preserving negative trends in farming. Speaking at the press conference on August 2, the Minister informed of a continuing decline in the volume of agricultural production: estimations show that this year the net production in agriculture will reduce by 35 percent as compared with the average annual production in 1986-90. A lack of money for fertilizers will certainly negatively influence productivity next year. Judging by volumes of production and sale of agricultural produce, the republic is on the level with the 70's. If the decline continues during next 4 years the republic may approach the level of 1960.

According to the Minister, the crisis in agriculture is aggravated, because prices for industrial and agricultural produce are not coordinated and because 97 percent of farms experience shortage or an ultimate lack of working capital. One of the most alarming trends is that of machines wearing out. In prices as for July of the current year 13.4 billion rubles of basic stock of farms were wasted. Since 1990 the working capital has decreased by 30 times. The reform of property relations is often resisted by those for whom it is carried out.

According to the Minister, to lift the economy from crisis levels it is necessary to radically change property relations and make deep structural changes in the branch. The problem of coordination of prices for industrial and agricultural produce still remains acute.

Moldova

Observers To Attend Military Exercises in Romania

AU0208165795 Chisinau INFOTAG in English 1930 GMT 1 Aug 95

[FBIS Transcribed Text] Chisinau INFOTAG, 1/8/1995 — Moldovan military observers will attend international tactic exercises "Danube-95" at the Danube River (Hirsova-Galati) at August 12-16, communicated the Defence Ministry.

The Romanian newspaper EVENIMENTUL ZILEI informed about participation of the Navy and observers from Austria, Bulgaria, France, Germany, Moldova, Holland, Russia, Slovakia, United States, Ukraine and Hungary.

The Ministry of Defence communicated that Moldovan participation will be restricted to two military observers. According to the source the ultimate goal of participation is to secure trust between the countries of the Danube basin through the program "Partnership in the Name of Peace," work out the means of cooperation in humanitarian and embargo operations on the river.

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The same source communicated that two Moldovan military observers will participate in the tactic exercises "Determinative Determination 2-95" in Romania, Sibiu region scheduled for September 7-16. Both exercises will engage NATO forces and the countries participating in the "Partnership for Peace" program.

Sangheli Pleased With Disarmament in Gagauz Republic

LD0208195895 Moscow INTERFAX in English 1644 GMT 2 Aug 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Recent disarmament of the Budzhak battalion in Moldova's autonomous region of Gagauzia, an armed unit formerly answerable to the parliament and government of the unilaterally proclaimed Gagauz Republic, "puts an end to separatism in the south of Moldova," Moldovan Prime Minister Andrei Sangheli said on Tuesday [1 August].

"As long as there existed armed battalions in Gagauzia, there was a danger of destabilization of the situation in the region," Sangheli told reporters. "Now that danger no longer exists and peace has been established in the south of Moldova for good and all."

However, Moldovan Interior Minister Mihai Gorincioi told INTERFAX large amounts of weapons were still held by Gagauzia's population. "During the conflict situation in the south of Moldova many people got hold of weapons in various ways, and no stock has been taken of those weapons," he said.

Gorincioi expressed the hope that all arms would be surrendered in the region before August 27, a deadline set by the Moldovan parliament. IF Note: Last month Moldova's parliament promised that those who gave up their arms before August 27 would not be prosecuted for having held them, but warned that legal action would be taken against who have failed to surrender their weapons by that date.

Maracuta Outlines Privatization Concept for Dniester

AU0208162095 Chisinau INFOTAG in English 1930 GMT 1 Aug 95

[FBIS Transcribed Text] Chisinau INFOTAG, 1/8/1995 — The chairman of Dniester Parliament, Grigore Maracuta, went public with his privatization concept and amendments to the Dniester Privatization Law.

Maracuta suggests that the state should first of all assess basic production assets, issue shares, and sell the stock to investors. Maracuta's opponents assert that this method substitutes capitalization for privatization. The newly proposed method also includes transfer of enterprises to closed-end joint stock corporations, which will render enterprise management beyond control of common people.

The chairman of the Tiraspolian City Council, Nikolay Buchatskiy, stated that the Privatization Law is not effected in this city, as it violates the rights of workers and alienates the majority from the property.

Buchatskiy agreed to Maracuta's proposal and encouraged people to abstain from the Movement for the Development of Dniester. He claimed that the movement is led by the regional industrial sharks aiming for the Supreme Council power and privatization of enterprises.

Parliamentary Vice Chairman Blames Snegur for PDAM Split

AU0208161795 Chisinau INFOTAG in English 1930 GMT 1 Aug 95

[FBIS Transcribed Text] Chisinau INFOTAG, 1/8/1995 — The vice chairman of the Parliament, Dumitru Diacov, anticipated "serious consequences" of the Agrarian Democratic Party [PDAM] parliamentary faction split.

The Parliament has earned political authority in Europe and CIS. It insured Moldova's positive political image. I am afraid we can lose it as a result of the recent developments, said Diacov in his interview to NEZAVISIMAYA MOLDOVA.

He objected to "sweeping accusations" against the PDAM. "We didn't take every chance to prevent the split. We ran in the election campaign as a faction, people didn't vote separately for each of us, hence nobody was in the position to break the unity. All disagreement and friction should have been resolved within the faction, but none of those who quit took serious attempts to reconciliate," stated Diacov.

He laid responsibility for the split upon the president who "called his entourage to follow him."

They reasoned to shift for another camp and support Snegur at the coming elections. It's sheer tactics, underscored the vice speaker. "Until the last critical moment most of us saw Snegur the leader of the fraction and willed to support him at the elections. That's why sometimes I think of what has happened as an abominable misunderstanding or assume that someone could have mal-disposed the president against the Parliament," said Diacov.

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Kazakhstan

French President Sends Message to Nazarbayev

LD0308081795 Moscow ITAR-TASS in English 0720 GMT 3 Aug 95

[By Gennadiy Kulagin]

[FBIS Transcribed Text] ALMATY, August 3 (ITAR-TASS) — France attaches great importance to close dialogue with Kazakhstan, French President Jacques Chirac said in a message to Kazakhstan's President Nursultan Nazarbayev, received by the presidential press service on Thursday.

President Chirac said the relations of cooperation that have taken shape between the two countries should continue to develop in the spirit of confidence and on a mutually beneficial basis.

Nazarbayev Discusses Draft Constitution

LD0208215295 Almaty Kazakh Television First Program in Russian 1458 GMT 1 Aug 95

[News conference by President Nursultan Nazarbayev on the draft constitution; place, date not given; from the "Khabar news program" — recorded]

[FBIS Translated Excerpt] [Nazarbayev] A nationwide discussion of the country's new draft constitution has been held. It has now finished and the final text published. We can sum up a few conclusions. [passage omitted]

First of all, I would like to state that our country's multi-ethnic people have generally displayed genuine interest, and the main provisions of the constitution were supported, according to both the sociological surveys we conducted and the discussions that were held with workforces and individuals. [passage omitted]

In total 1,100 comments have been taken into account. Despite the fact that the ideology, the basic substance of the draft, were preserved in the main, virtually all sections of it underwent some alteration. More than half, to be precise 55 of the 95 published articles have been amended or supplemented. As I have said, there are 1,100 of them.

I will dwell on the main ones because it is impossible to tell you everything in a short speech.

Above all, taking into consideration the numerous wishes expressed by people of Kazakhstan, the current name of the country — the Republic of Kazakhstan — will be kept.

Although we expected a certain amount of criticism on this, we took into account that our country has become a fully-fledged member of the world community and has concluded many international agreements and accords. A whole system of legislation has been formed around this name. Well, everything was taken into consideration and we looked at it again to find out what important benefits it would produce, and why we focused on the name Kazakh Republic or Republic of Kazakhstan.

Every district, town, and all businesspeople — everything is based on this name. If we were to speak about emphasizing Kazakhness or Kazakhstanness, so to speak — I don't know how to explain it to you — then the word Kazakhstan itself is translated as the Country of Kazakhs. We have included the words original Kazakh lands in the preamble. This shows that this state is also founded on the original Kazakh lands.

The discussion showed that although the majority of people of Kazakhstan see the need to introduce private land ownership in our country, spoke, with certain reservations, against private ownership of underground resources, water, flora, and fauna and other resources. Therefore, contrary to what was published in the draft, the following points are distinguished: land, underground resources, water, and flora are state property. The second sentence says that land is under private ownership, again under the conditions stipulated by our country's laws. This means that it is the same ideology about which I spoke to you at the time.

There were a great many comments that given that Kazakhstan is based on the wealth of its underground resources, which is the property of not only present but also future generations, and especially since the chapter on government says that the government manages and disposes of state property, it can resolve this issue on terms beneficial to both Kazakhstan and investors.

The sections covering the state structure underwent the greatest changes. This is the context in which a new section was introduced into the draft dealing with the Constitutional Council [Konstitutsionnyy Sovet], which is a separate body protecting the constitution of the country. It is proposed to establish it in place of the existing Constitutional Court. This decision did not come naturally. It has objective underlying reasons.

Before taking this decision I met all members of the Constitutional Court, as well as individual members of it at their request, members of the Supreme Court and legal scientists in various areas of jurisprudence. They proposed reforming the system of constitutional law after studying our three years of experience of this state body's operation and taking into account experience in the rest of world, as well as a number of shortcomings in current world practice.

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They put forward three options for this reform. Some proposed keeping the name of this body, the Constitutional Court, but investing it with the powers of a constitutional council. That would have been nonsense. Either you have a Constitutional Court with all its legal actions, or you have a Constitutional Council. It wouldn't work. The second option provided for reorganizing it into a Constitutional Council, and the third option was, as you are aware and have heard, to incorporate all the courts into the single Supreme Court. Common sense tells us that form does not match content in the first option, as a result of which contradictions would constantly arise in its operation, both internal ones and in relation to other bodies of state power. I would like to note that the opinion of members of the Constitutional Court itself was split approximately equally. The situation was thus such that under the Law on the Constitution, neither group had sufficient numbers to be able take a legally valid decision.

Therefore, taking all this into account, a path of reforms was chosen which provides for the establishment of a Constitutional Council.

Moreover, you may have noticed that a procedure has been established for ensuring that both the president and the two chambers participate equally in it. The council has six members, two of whom are appointed by the president, two by the Senate and two by the Assembly. This will make it possible to make Constitutional Council's activity impartial and objective. It will stand outside politics, which is normal. It defends the constitution, Kazakhstan's existing and future laws, and ensures these laws' compatibility with our constitution.

After many discussions, a decision was taken to increase the number of people on local councils [maslikhat] from 57 to 67 [per council]. But this does not actually contribute anything in terms of democracy or the adoption of laws. This is, so to speak, a tribute to tradition in world practice: one and a half times more than the Senate. I think one should not be keen on excessive curtailment of the number. So this is correct.

In the course of the national discussion, much criticism was voiced over the draft proposals on the grounds on which the procedure for dissolving parliament can take place. If you remember, the French formula was taken: the president dissolves parliament after consulting the heads of the chambers and the prime minister. I proposed to depart from this formula, making three concrete grounds on which parliament can be dissolved. This is world practice. I think it is correct. Taking these proposals into account in the final version, care is taken to give maximum protection to both the state itself and the state bodies, and at the same time not to allow the authority of the country's legislative bodies to decline as a result of the fuss around various election campaigns.

Now I want to emphasize that parliament is really becoming professional. This is being confirmed by the qualifications and age requirements for future deputies.

The constitution is so designed that all the branches of power seek compromise and reach agreement. That is, if all the branches of power work in this manner, then there will be no need to dissolve any of them. That is, in order to avoid dissolution, all the branches of power must agree among themselves and seek compromise. This is normal democratic procedure, just as in the rest of the world.

The decision was also taken to expand parliament's legislative competence in the fields of public health and social security for citizens. If you've read it you must have noticed this. This is based on the concept of providing the individual with guarantees of personal freedom and rights in legislative form, and it matches the current practice of resolving such questions.

In any case, in any state which counts itself as a democratic law-governed state no one can be beyond criticism and accountability, especially executive power.

The the country's new constitution will at last open the floodgates for implementing radical judicial and legal reform. The draft envisages establishing a unified judicial system, and will provide practical guarantees of the independence of judges in administering justice.

Judicial and legal reform is a complex measure which requires improvement of the country's entire law enforcement system. That is why it is proposed to reform virtually all the law enforcement bodies.

Above all, the disputes about the status of the prosecutor's office will come to an end. One single organization should not by itself institute criminal proceedings, carry out the investigations into the case, check up on its own work and bring an accusation itself. That was the Soviet system, from the times of Vyshinskiy [Vyshinskiy was Soviet public prosecutor during Stalinist show trials in 1930's]. It is now becoming conventional, as it should be. There will be a special investigating organization, and another organization — the prosecutor's office — which will oversee its activities. [passage omitted]

[Unidentified Russian correspondent] Do you fear that public opinion may somehow link the reform of the Constitutional Court into the Constitutional Council with the statements made by the six that ...[rest of question indistinct]

[Nazarbayev] I don't think that any of you should have any doubt that constructive work has been done

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through the Constitutional Court all these years, or that it has fulfilled its mission over these three years, although various political forces have wanted to use the Constitutional Court in various ways to their own advantage, in various directions, to their advantage or disadvantage, and so on. In this context, if you will remember, the Constitutional Court was retained in the draft constitution at my proposal. But we may recall the declaration by the six, which was later retracted, and then came the declaration by the five [protests by members of the Constitutional Court]. According to the law on constitutional legal proceedings — last time I commented that you journalists don't read these documents too well sometimes, and I'm telling you this as a kind of friendly criticism — the Constitutional Court cannot make any decisions if a qualified majority, that is two-thirds, are not present at the session. A qualified majority means seven people, and there were six and five of them. So de facto, neither side can currently make any decision.

Personally, I don't have a negative attitude to any member of the Constitutional Court. Moreover, we are making the right decision in line with world practice. The majority of members of the Constitutional Council are directly appointed by parliament. Four people out of six are appointed by parliament, and only the chairman is appointed by the president.

That is why only the president has a veto [under the new constitution], to prevent this body being like the old one, where seven people could get together, they would be dissolved again, and they would create chaos in the country. I think you agree with this.

That is why, as the transitional [as received] provisions state, all existing judges definitely retain their powers until new judicial bodies are set up, not just there [the new Constitutional Council]. All of them, without exception, are highly qualified, and all of them will be found posts according to their experience and education. Two of them have already done so: one of them is now minister [chairman] of the State Committee for Ethnic Affairs, while Rogov has become my aide; I should have found such a person for the president to consult on specific matters a long time ago. And in general, a president must have a lawyer close by him when making decisions. So the same approach will be taken with the others. It is in no way linked to other matters, past activities or anything else.

We were scratching our heads about how to resolve this question. The Constitutional Court itself proposed retaining the name, but at the same time it was proposing all the prerogatives of the Constitutional Council, that is considering legal actions after they have been upheld but before they are signed by the president. And that is really right: that is how it is in France and many other states. They also considered uniting everything in a single entity [the Supreme Court]. Incidentally, it was very prominent lawyers and members of the Supreme Court who came out with this proposal. In general [Nagashbay] Shaykenov [justice minister], too, who worked with me — considered that to be the most progressive approach. But given our circumstances, I don't think that it would be very safe to create a unified, single monster which would make the decisions and leave no alternative courts to protect the constitution. That is why everything will be resolved in a normal manner, and there will be no persecution, or other any feelings or opinions about them.

[Unidentified Russian correspondent] I still have two doubts. Even the respected justice minister's speeches could not dispel these doubts. The first concerns paragraph two of Article 45 [which reads that]: in cases defined in paragraph four, etc., the president of the Republic of Kazakhstan issues laws; and this is defined by Article 53: a two-thirds majority of all deputies of each chamber may delegate legislative powers to him [words indistinct] so as to resolve a question. Unlike many of my opponents, it is clear to me that this is undoubtedly needed. We are now living in a situation where there is no parliament, and there is a president who issues laws.

But was it not possible, or that is to say, would it not have been more simple here to define those specific cases in which this right is delegated to the president perhaps not by a two-thirds vote, perhaps by much fewer votes than that?

[Unidentified correspondent] That was the first question. The second is that if we look at the section on local government, there is some uncertainty about paragraph four of Article 87: the akims [heads of administration] of regions, towns etc. etc. are appointed by the president of the Republic of Kazakhstan.

Nursultan Abishevich! You know no one is eternal on earth. One president goes, another one comes. Is it not possible that another one will replace all the regional akims some day in the not too distant future, and that then [words indistinct] [speaker interrupted by shouting from hall]. Was it not possible to do it this way: [words indistinct] to defer the period of validity of those provisions for a transitional period of 10 to 15 years?

[Nazarbayev] I have understood everything. On the first question: perhaps you have not noticed that one word has been changed. It [parliament] has the right to grant [powers to the president] by a two-thirds majority, but

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it also has the right not to grant them. This is better than what was there before.

That is to say, you understand that I can ask for [powers] but the parliament has the right not to grant them. And it is right that it should be by a two-thirds majority, because an overwhelming majority of parliament has to be sure that this is necessary for the country, and that the president should be granted it. I deliberately asked that the words "has the right" should be inserted, so that parliament has the right to grant and the right not to grant it. How could we cut it out of the constitution altogether, because we are still living in a transitional period, in difficult and critical times in politics, economics and the formation of statehood? Collisions may well arise. However I personally do not think that any question of this sort will arise when there is a standing parliament. Why should it? Moreover, it [the draft] says that the president may decide the order of priority and urgency of a law. There is no need. But it was necessary to keep this provision.

Aleksandr Federovich! You have missed one point in your second question, too. The akim is now to be appointed by the president after being nominated by the prime minister, to whom he is linked through the common system of executive power.

And third, as you remarked, the constitution provides for the possibility of amendments being made to it not only by referendum but also by parliament. When it becomes necessary to resolve the question of local government, and perhaps to gradually introduce elections [for the post of akim] first in the villages, then in the towns and eventually in the regions, then why not? We will be able to do that without any problems. Given the fact that our state is a unitary one, our current decision accords with our current realities. So I think there is no need to worry. [passage omitted]

[Unidentified Russian correspondent] [words indistinct] the majority of foreign lawyers, independent lawyers and experts have come out in sharp opposition to the draft constitution. Here is my question: making predictions is not a rewarding task, but for all that we would like to hear your opinion on how long we will live with the new constitution? As far as I understand it, it is a constitution for the transitional period.

[Nazarbayev] I would like to begin with the second point, that nothing is permanent under the sun. Everything is in flux, and all things change, as they said in ancient times. So I hope that this constitution will remain as the foundation on a permanent basis, but that it can be amended both by parliament and by national referendums on especially important issues which will come up from time to time.

The Bill of Rights or Constitution of the United States of America which was adopted in 1781 has not been replaced, but amendments to it now fill many volumes. That is also the case in all other states. The constitution of the French Fifth Republic was adopted in 1958 at a nationwide referendum.

That is why the transitional [as received] provisions of the constitution state that the basic things cannot be changed — integrity of territory, statehood and the form of government adopted in Kazakhstan, i.e. a democratic, unitary and secular state. All the rest can be changed by referendum, laws and parliament.

As far as these experts are concerned, I have not heard or read of any such expert. But I think that the people who are our experts — I have said who they are; members of the Constitutional Council, law professors from France, Germany and other countries - will very soon have their say about this constitution in the press. Before publishing it [the constitution] we once again appraised and held consultations on the extent to which it meets the other democratic standards set for constitutions.

In general, if I did not want to avoid spending so much time on it, I would go over it article by article, especially as regards the revisions which ban the activity of certain [persons/organizations] which incite inter-ethnic strife. None of these rights which are withheld have been invented either by me or the members of the council. They have been taken from the constitutions of countries which are recognized in absolute terms as democratic.

[MOSKOVSKIYE NOVOSTI correspondent] In your speeches you often refer to analogous foreign models of constitutional system. Specifically, French experts are known to have taken part in preparing the concept behind our new basic law. How strong is, say, the French accent in our new constitution, and to what extent did elements from the constitutions of countries which we are accustomed to regarding as models of democracy influence our basic law? Could you name these elements?

[Nazarbayev] When I hear or read people saying that this constitution has been taken from here or there and so on, well, first of all I don't think there is any need to reinvent the bicycle. If some wise people have not only created a constitution but have been leading a normal life under that constitution for many decades, whereas we are just at the start of our own statehood and are in a reform period, then why not take it? If you read it closely, we can see the handwriting of our Kazakhstan, of our own Id; in other words, what is needed for the mentality of the people of Kazakhstan, for the Kazakh people, naturally, their past, traditions and experience, and the future towards which we are aiming; in other

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words, what the people of the Republic of Kazakhstan need. That is why we should not consider that we have taken it just like that.

Some people may say: look, authority is increasing. Yet ask the people of Kazakhstan who wants an absence of authority? Who wants an absence of authority? No one. Let's imagine, as was said recently, that only parliament was left; that we dissolve the government and the judicial bodies. Is there any one of the 360 deputies [in parliament] who would take personal responsibility for anything? By its very nature, parliament should not be like that. It is a collective body.

French President De Gaulle was also accused of dictatorship in his day, but post-war France reached the highest levels and became the fourth richest country in the world. South Korean President Park [during the 1960's] was also accused of dictatorship — a democratic state was built. Singapore President Lee Kuan Yew led the country for 30 years: This is the state with the highest standard of living on earth.

And take General Pinochet — everyone here in Kazakhstan and the Soviet Union used to give him a lot of grief, but as a result of that democratic order they are now leading his country to a good, world standard, and their economy is tied to all other economies in the world. One could go on with this list.

Everything depends on the fact that no one can become a dictator in a country where property is handed over into private hands. Anyone who wants to be a dictator must consolidate and concentrate property in his own hands and not give away the economy. A dictator who builds a state, who actively pursues privatization, and distributes property to workforces and individuals, is sort of sawing off the branch on which he is sitting.

I think that is enough harping on about this subject. I think that during these years we have all come to understand these indisputable axioms: that the country needs discipline during this period, that reform should be actively conducted from above, that democratization of society should be actively conducted from above, and that people have to be taught to obey the law and the culture of democracy. [passage omitted]

President Issues Decree on Oil Industry

LD0108213795 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 20 Jul 95 pp1-3

["Decree On Oil by the President of the Republic of Kazakhstan, with the Force of Law"]

[FBIS Translated Text] In accordance with Article No.1 of the Law of the Republic of Kazakhstan issued on 10 December 1993, On the Temporary Delegation of Additional Powers to the President of the Republic of Kazakhstan and the Heads of Local Administrations, and with the aim of ensuring the protection of the interests of the Republic of Kazakhstan and its natural resources in carrying out oil operations, I hereby issue the present decree.

Charter 1. General provisions.

Article 1. Main concepts and terms.

In the present decree:

"Block" means any territory on dry land or water fully or partially situated in the Republic of Kazakhstan and marked as a block on a specially prepared map of blocks.

"Internal bodies of water" means lakes, artificial reservoirs and other water resources on the land.

"Extraction" means any operations related to oil extraction, and also includes:

the construction and exploitation of underground and overground industrial equipment and installations;

oil extraction, the organization and maintenance of working process at wells under operation;

oil processing and refining;

extraction of side-components from oil.

"Competent organization" means a state organization to which the government of the Republic of Kazakhstan delegates rights directly connected with concluding contracts.

"Contract" means an agreement between a contractor and a competent organization on carrying out oil operations.

"Contract territory" means a territory earmarked for conducting oil operations and defined by geographic coordinates.

"Commercial discovery" means discovery on contract territory of one or several deposits, development of which is profitable.

"Licensee" means a user of natural resources who becomes a possessor of a licence.

"Licence" means permission, which is granted to a user of natural resources by the government of the Republic of Kazakhstan, to carry out prospecting and exploration works on a contract territory during a fixed term.

"Sea" means the surface and depths of water, the seabed of the Caspian and Aral Seas (lakes) from the initial coastline along its whole length within the Republic of

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Kazakhstan up to its external sea borders, which are established on the basis of the agreements between the Republic of Kazakhstan and the other littoral states.

"Marine scientific surveys" means scientific research works connected with carrying out oil operations at sea.

"Deposit" means one or several natural accumulations of hydrocarbons in a geological reservoir of any type.

"Main pipeline" means an engineering structure consisting of a linear part and the ground facilities, communications, remote monitoring linked with it which is intended for transporting oil from the place of extraction (refining) to a place of transshipment to another mode of transport, processing or utilization. A pipeline working in a collector regime is not a main pipeline.

"User of natural resources" means any legal or natural person, state and/or international organization carrying out oil operations in the Republic of Kazakhstan in accordance with the present decree.

"Oil" means crude oil and natural gas, as well as hydrocarbons received as a result of refining crude oil and natural gas, and processing oil shale or resin sands.

"Oil operations" means all work related to prospecting and extracting, and the unified technological cycle of storing oil and its pumping through the pipeline connected with them.

"Contractor" means a user of natural resources, who has concluded a contract with a competent organization in accordance with the present decree.

"Positive practice in developing oil deposits" means the usual rational, safe, effective and necessary practice for carrying out oil operations by persons dealing with prospecting and extracting oil in various countries of the world.

"Side components of oil" means various kinds of metal and other compounds in oil and a deposit's stratal water.

"Littoral states" means the states on the shores of and lying against to the Caspian and Aral seas (lakes).

"Applicable law" means the law of the Republic of Kazakhstan, if it is directly stipulated by legislative acts or if the applicable law is not defined in terms of a contract. In other cases, in accordance with the terms of a contract, the law of the Republic of Kazakhstan or the law of another country shall be used as the applicable law.

"Natural gas" means hydrocarbons which are, at normal atmospheric temperature and pressure, in gaseous form, including oil gas, residue gas, accompanying gas which remains after extraction and separation of liquid hydrocarbons from oil gas, and non-hydrocarbon gas extracted along with liquid and gaseous hydrocarbons.

"Prospecting" means any operation connected with searching and prospecting for oil, and includes the following:

field geological and geophysical surveys;

structural drilling;

drilling of test and prospecting boreholes, as well as experimental and industrial works at deposits being prospected.

"Crude oil" means any hydrocarbons irrespective of their density, which are extracted in liquid form at normal atmospheric temperature and pressure, including liquid hydrocarbons known as distillate or condensate generated from natural gas through natural condensation.

Article 2. Sphere of application of the decree.

1. The present decree regulates relations arising while carrying out oil operations on the territory under the jurisdiction of the Republic of Kazakhstan, including seas and internal reservoirs.

2. The present decree is in force in combination with the Code on Natural Resources and the Processing of Mineral Raw Materials and other legislative acts of the Republic of Kazakhstan.

3. In case of contradictions between the present decree and other legislative acts of the Republic of Kazakhstan as regards the issues of regulating oil operations, the norms of the present decree shall be applied.

4. If an international treaty in which the Republic of Kazakhstan is a participant sets out different rules from those set by the present decree, the rules of the international treaty shall be applied.

5. Licences issued and contracts concluded before the present decree has come into force, and all acts of the state bodies of the Republic of Kazakhstan connected with them, remain in force.

Article 3. Right of ownership of oil.

1. All oil naturally deposited in the earth in the Republic of Kazakhstan is the exclusive property of the Republic of Kazakhstan.

2. The owner of extracted oil shall be defined by a contract.

The owner has the right to use the extracted oil, if a contract does not envisage another.

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3. Oil returned underground for storing shall be considered as extracted oil, and its owner shall be defined by contract.

Article 4. Publicity of oil operations.

All persons concerned have the right to make themselves familiar at a licence agency with the following:

1) the terms of holding a competition (tender) for investment programs and their results;

2) the contents of a licence and a contract, with the exception of those articles which the sides deem confidential;

3) the map and blocks of a contract territory.

Chapter 2. Competence of state management bodies in the sphere of oil operations.

Article 5. Competence of the government of the Republic of Kazakhstan.

The government of the Republic of Kazakhstan:

1) works out a strategy for the use of oil resources and for the pace of their use and further expansion;

2) sets rules for the use of natural resources and their protection and common rules for the development of oil and gas deposits;

3) supervises the formation of republican balances of oil reserves and organizes a state assessment of the extent to which natural resources (blocs) have been studied;

4) ensures the formation of strategic reserves of oil and registration of their location on the territory of the republic;

5) introduces limits on the use of natural resources at individual sites and orders the mothballing of deposits, with the aim of ensuring national security, the preservation of the environment, the safety of the population and the interests of coming generations;

6) defines pricing policy;

7) holds tenders for investment programs and issues licenses for oil operations;

8) monitors the implementation of contracts;

9) exercises other powers in the sphere of oil operations granted to it by legislative acts of the Republic of Kazakhstan.

Article 6. Functions of a competent organization.

1. The functions of a competent organization include:

1) holding negotiations with a subcontractor on the terms of a contract and preparing a draft contract together with the subcontractor;

2) organizing an independent expert examination of the draft contract documents;

3) signing the contract;

4) submitting the contract to a licensing agency for registration;

5) receiving allotments of land and mineral and geological sites for the subcontractor;

6) submitting an annual report on the implementation of the contract to the government;

7) at the instruction of the government of the Republic of Kazakhstan, holding negotiations with relevant organizations from other states and concluding agreements with them which promote the implementation of the contract and the construction and exploitation on their territory of pipelines and other transportation facilities for exporting oil.

2. A competent organization is obliged:

1) to ensure observance of the interests of the Republic of Kazakhstan;

2) to conclude contracts for extraction only after a state body has conducted an expert assessment of the reserves of a deposit.

Article 7. Competence of local representative and executive bodies.

Local representative and executive bodies:

1) hand over an allotment of land to a subcontractor after a license has been issued, in accordance with the land legislation of the Republic of Kazakhstan,

2) participate in the implementation on their territory of the state program for developing the oil and gas sector of the Republic of Kazakhstan, taking into account the economic and ecological peculiarities of the region;

3) within the competence granted them by legislative acts, monitor protection of areas of land and water allotted for oil operations, observance of the rules of ecological safety, and the preservation of archaeological monuments and other sites belonging to Kazakhstan's historical and cultural heritage;

4) take part in negotiations with the subcontractor to settle problems relating to the observance of the social, economic, and ecological interests of the population.

Chapter 3. Investment programs tender for the right to carry out oil operations.

Article 8. Forms of granting the right to carry out prospecting and extraction.

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1. The right to carry out prospecting and extraction is granted on the basis of a tender. In the absence of the required number of participants for holding a tender (ie., fewer than two), the right can be granted on the basis of direct negotiations.

2. The government of the Republic of Kazakhstan has the right to hold direct negotiations with mineral resource users on carrying out oil operations, omitting a tender.

Article 9. Terms for holding an investment program tender for the right to carry out oil operations.

1. A tender for the right to carry out oil operations can be either open or closed.

The terms of holding an open tender should be published, and those of the closed tender should be brought to the notice of all potential participants, not later than 30 days before the holding of the tender.

All persons willing to take part in a tender have the right to receive information on the procedure for holding the tender.

2. Notification about holding a tender should contain information about the following:

a. the time and place of holding the tender and the deadline for applying for participation in it;

b. the main terms of the tender;

c. details of where the blocs are, where oil operations are intended to be carried out, where they are situated and their description.

The notification should also specify the sum of the starting payments into the Kazakh state budget (rent, bonuses, royalties, taxes and others), the price of a package of geological information, and the size of the fee for the right to take part in the tender.

Article 10. Application for the right to take part in an investment program tender.

1. An application for the right to take part in the tender should contain the following:

a. the name of the applicant, address, statehood (for legal persons), and citizenship (for natural persons);

b. information about the managers or owners of the applicant, a legal person, and information about persons who will represent the applicant during the receipt of a licence;

c. information about the applicant's technical, managerial, organizational and financial potential.

3. The application should be supported by a competitive proposal.

Article 11. A competitive proposal.

1. An applicant should, within the period set in the terms of the contract, draw up a competitive proposal for the right to carry out oil operations. Assessment of the conformity of the technical and economic indices worked out by the applicant in terms of the tender will be conducted by an expert commission and documented in a protocol. A licensing agency will form the list of applicants who received a positive assessment from the expert commission.

2. A competitive proposal for the right to carry out oil operations should contain the following:

a. information about the applicant's previous activities, including a list of states in which he has acted for the last five years, and a bank certificate about his financial condition;

b. the applicant's intentions with regard to the terms of carrying out oil operations, including a program of works and their cost;

c. the applicant's intentions with regard to environmental protection, including recultivation and rehabilitation of the territory;

d. the numbers of blocs applied for;

e. sources of funding the oil operations (own or borrowed funds);

f. the period required in order to implement the investment program.

3. An application for extraction should also contain the following:

a. details of the licence for prospecting and its results, if the applicant has one;

b. a plan for developing the deposits, which in addition specifies the volume of oil the applicant intends to extract;

c. the expected time of the start of extraction and the reaching of its maximum level;

d. calculation of the expected expenditure on the extraction of the oil and income from selling it;

e. expected income to the Republic of Kazakhstan and investments into developing production and social infrastructure of a contract territory.

4. Applications for the combined right to prospect and extract should, as a rule, set out the conditions necessary for applying for the right to carry out prospecting and extraction.

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Article 12. Procedure and period for considering the applications.

1. An application is accepted for consideration after an applicant has paid a fee for the right to participate in the tender. Its rate is established by the licensing agency. An applicant will be officially notified about whether the application is accepted for consideration within a month of the date of its receipt. Examination of the applications will be carried out in the course of the tender.

2. After an application for participation in the tender has been accepted, the applicant will be offered for a certain charge a package of geological information on the area of the contract territory he is interested in. The package should contain the amount of geological, mineral and technical, technological and other information that the applicant needs to work out a program of works and technical and economic indices for carrying out oil operations.

Article 13. Summing up the results of a tender.

The winner of a tender will be defined on the basis of the following criteria:

1. the time of the start and intensity of the prospecting works;

2. the time of the beginning of extraction and of its reaching its maximum level, as well as the maximum coefficient of oil extraction;

3. the proposed size of the initial and subsequent payments into the budget;

4. the amount of the investments, the period and conditions for funding the project, and investments in the development of the productive and social infrastructure of the contract territory;

5. the observance of the requirements for protecting the mineral resources and environment, and the safe conduct of the work.

Article 14. Refusal of the right to take part in an investment program tender.

Refusal of the right to take part in an investment program tender can take place in the following cases:

1. submitting an application with violation of Articles 10 and 11 of the present decree or breaches of the terms of the tender;

2. deliberate presentation by an applicant of false information;

3. if an applicant does not submit documentary evidence that he has or will have the technical, organizational, managerial and financial possibilities for carrying out the oil operations indicated in the application.

Chapter 4. Licensing of prospecting and extraction

Article 15. Conditions and procedures for granting a license.

1. A juridical person who, as the results of a tender or negotiations, wins the right to carry out oil operations in the manner established by the Decree "On Licensing", which has the force of law, will be granted a license, taking into consideration the additional requirements stipulated in the present decree.

2. Users of raw materials who were working on a contract territory before the present decree came into force will, as a rule, be granted a license for extraction on the basis of negotiations.

3. If commercial amounts are discovered, a prospecting-license holder has the exclusive right to obtain an extraction license on condition that the requirements set down in the prospecting-license have been met.

4. Applications for a license granted on the basis of negotiations between the applicant and the licensing agency will be considered within two months from the date of receipt. The period of considering the application can be extended up to six months; the applicant will receive written notification. A license based on negotiations will be issued only after the application has been examined by experts.

Article 16. Purpose of license.

1. No one has the right to carry out oil prospecting and extraction without a relevant license.

2. The contract will correspond to the terms of the license. Contract articles which contradict the license are invalid.

3. Before the conclusion of the contract, the license content can be changed only by mutual consent of the licenser and the licensee. Once the contract is concluded, the license can be changed only by mutual content of the licenser and the parties to the contract.

Changes to the license will be followed by appropriate changes to the contract.

4. A license for the right to carry out prospecting and extraction is the basis for documenting geological, mineral and land allotments.

Article 17. Licensing agency (licenser).

The issue of licenses for prospecting and extraction rights will be carried out by the government of the Republic of Kazakhstan.

Article 18. Kinds of license.

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There are licenses for prospecting and licenses for extraction. The issue of a combined license, a license for prospecting and extraction, is allowed.

Article 19. Period of the validity of a license.

1. A license for prospecting is issued for a period of up to six years. The licensee has the right to extend the period of the license's validity on condition that the whole programme of works has been implemented and other commitments stipulated in the license and contract have been fulfilled. The period of validity of a prospecting license can be extended twice, with the length of each extension being up to two years. If oil is discovered, the licensee has the right to extend a license for the period necessary to assess the commercial discovery. If a prospecting-license holder applies for an extraction license, the period of the validity of the prospecting license will continue while the application for an extraction license is considered.

2. A license for extraction is issued for a period of up to 25 years. At deposits with extractable reserves of over 100 million tonnes of crude oil and/or over 100 billion cubic meters of natural gas, an extraction license can be issued for a period of up to 40 years. The period of an extraction license can be extended if the licensee applies for the extension not later than 12 months before the license's period of validity ends.

3. An application for extending the period of validity of a license shall be considered not later than within three months after it is received by the licenser. For the extension of the period of a license, the licensee shall pay a fee, the size of which is set by the government of the Republic of Kazakhstan as a fee for granting a license (license fee). Licenses which are withdrawn by a licenser cannot be extended.

License-holders whose licenses have been withdrawn can continue oil operations only if a new license is issued according to the manner set out in the present decree.

4. A combined license will be granted for a period including the prospecting and extraction period, with possible terms of extension taken into consideration.

5. The period of validity of a license will be calculated from the date of its registration by the licensing agency.

Article 20. Territorial sphere of a license.

1. The territory of the Republic of Kazakhstan will be divided into rectangular blocs, except where the borders of the blocs coincide with the borders of the republic. The size of the blocs is limited by 10 minutes of the geographical set of coordinates. A map of blocs, where each bloc has its own ordinal number, shall be confirmed by the government of the Republic of Kazakhstan.

2. A contract territory can consist of one bloc or a system of blocs, either contiguous or separated. A bloc (blocs) allotted as a contract territory can be limited to a specific depth. When a license for the right to carry out oil operations at sea is issued, a contract territory will be defined as an area of seabed with indication of the geographical coordinates of the borders within which work is allowed.

3. If, in the process of oil operations, it emerges that the geographical borders of a deposit exceed those of the contract territory indicated in the license, the question of expanding the latter will be resolved additionally by the licenser.

4. Terms of the return of a contract territory shall be defined in the contract. Apart from this, during the period of force of a license for prospecting (until it is extended), no less than 50 percent of the contract territory will be returned, except for the territory of a commercial discovery.

Article 21. Rights and duties of a licensee.

The licensee enjoys all the rights set out in and following from the license, and is responsible for observing its terms.

Article 22. Terminating the validity of a license

The force of a license terminates:

1) on expiry of the period of validity indicated in the license;

2) if a license is withdrawn by the licensing agency in accordance with Article 23 of the present decree;

3) if a contract concluded on the basis of the license is broken, or its terms are changed;

4) if the juridical person, to whom the license is granted, is liquidated or reorganized.

Article 23. Halting the force of a license

1. A license agency has the right to halt the force of a license in those cases when the licensee:

1) carries out oil operations which are not envisaged by the license;

2) carries out activities within the framework of the license but not in a program envisaged by the contract;

3) in the process of its activities systematically breaches the legislation of the Republic of Kazakhstan in relation

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to the protection of mineral resources and the environment, as well as safety requirements, in carrying out its work.

2. If the force of a license is halted, the licensing agency will send written notification to a licensee giving the reasons for this, and setting a reasonable period for overcoming them.

3. When the reasons which caused the halting of the license are overcome, it will immediately be resumed and the licensee will be sent written notification of this.

4. Halting the force of a license is followed by halting the contract concluded on the basis of the license.

Article 24. License withdrawal.

1. A licensing agency has the right to withdraw a license issued only in the following cases:

1) if the license-holder refuses to overcome the reasons which led to the decision to halt the force of the license, or if the reasons are not overcome in the period stipulated, which was sufficient for doing so;

2) if it is established as fact that information known to be false, and which significantly influenced the decision to grant the license to the given person, was submitted to the licensing agency;

3) if a court establishes as fact that illegal advantages were presented to the prospective licensees, or that they were offered more liberal terms or reductions in the size of their payments into the budget;

4) if the measures envisaged by Article 38 of the present decree are not implemented.

2. Withdrawal of a license is followed by cancellation of the contract concluded on the basis of it, and exaction from the licensee of the costs caused by the early cancellation of the contract.

Chapter 5. Contracts.

Article 25. Types of contract.

1. The following kinds of contract are used in the Republic of Kazakhstan to carry out oil operations:

on division of output;

on providing services;

on joint activities (with and without setting up a juridical person).

2. Depending on the terms of the actual oil operations and other circumstances, combined and other forms of contract are allowed.

Article 26. Period of validity and terms of a contract.

The period of validity and terms of a contract will be agreed by the parties in accordance with the appropriate law and licence, and taking into account the regulations of the model contract confirmed by the Government of the Republic of Kazakhstan.

Article 27. Procedure for concluding and registering a contract.

1. Before it is concluded, a contract must be coordinated with the state organizations in charge of healthcare and sanitation, ecology, the protection of mineral resources, and safety rules in the extraction industries. The coordination period will not exceed 15 days from the date when the relevant organization received the contract documents.

2. The contract will be subject to economic and legal examination before it is signed. The period within which the examination is carried out shall not exceed 30 days from the date of submission of the contract documents.

3. The contract will be registered by the Government of the Republic of Kazakhstan. The contract comes into force on the date of its registration, if a later date is not set out within it.

4. Procedure for concluding a contract shall be defined by the Government of the Republic of Kazakhstan.

Article 28. Recognition of contract's invalidity.

1. A contract will be recognized as invalid:

if the licence granted to a contractor is recognized as invalid;

if a contract is concluded before the licence has been issued;

and on the grounds envisaged by the legislative acts of the Republic of Kazakhstan.

2. A contract to carry out oil operations in which a competent state body is not one of the parties is invalid.

Article 29. Amending a contract and terminating its validity.

1. The terms of a contract can be amended only after written consent has been received from a contractor and the competent state body, if the amendments meet the requirements of the licence.

2. The contractor and competent body may terminate a contract only on the grounds and in the manner envisaged by the contract. Withdrawal of a licence is followed by cancellation of the contract. The parties will not be freed from fulfilling their current obligations left unfulfilled at the moment of their handing in notification to cancel the force of the contract.

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3. If the contract is terminated prematurely, the contractor has the right independently to manage the property which he owns, if not specified otherwise in the contract. The competent state body has first refusal to purchase the afore-mentioned property. The transfer of the right to own the property belonging to the contractor during the validity of the contract and after its validity ends will be stipulated in a contract. The contractor will leave the contract territory in a condition which meets the requirements established in the rules of the mining and sanitation inspection, as well as the mineral resources and environment protection.

4. If the terms of the contract are changed at the contractor's proposal, in connection with setting up a new juridical person or consortium (number of members of a consortium), registration of a licence for the newly established juridical person or consortium members will be carried out in the order stipulated by the present decree, after the expiry of the licence issued earlier.

Chapter 6. Carrying out oil operations.

Article 30. Terms for carrying out oil operations.

1. The terms for carrying out oil operations, including the compulsory works program, will be stipulated in the contract in accordance with the legislation of the Republic of Kazakhstan. If, as a result of prospecting, a deposit (deposits) is (are) discovered, the contractor will inform the competent body about the discovery, assess the deposit, and prepare a conclusion about its commercial and non-commercial value. Giving notification about a discovery, its assessment, and the procedure for adopting a decision on the commercial value of a deposit will be defined in the contract.

2. If a commercial discovery is made, the contractor has the right to full or partial compensation of his expenditures according to the terms of a contract.

3. If a contractor refuses to develop a commercial deposit, the licensing agency has the right to transfer the deposit to another contractor.

4. If, as the result of prospecting, a commercial deposit is not discovered, the contractor has no right of compensation for the funds invested.

Article 31. Joint development of a deposit.

1. Joint development of a deposit means coordination of extraction operations between contractors at different parts of one given deposit.

2. Contractors may conclude a written agreement between themselves on jointly developing a deposit. The given agreement is subject to coordination with a competent body.

Article 32. Artificial islands, dikes, buildings and installations.

1. The Republic of Kazakhstan has the exclusive right to permit and regulate the construction, exploitation, and use of artificial islands, dikes, constructions, and installations intended for carrying out oil operations at sea, scientific surveys, and other purposes, to protect and preserve the environment and bio-resources.

2. Such artificial islands, dikes, buildings, and installations will be surrounded with security zones extending 500 meters from each point of their external perimeter. The islands, dikes, buildings, and installations, as well as the security zones surrounding them, will be situated at places where they do not stand in the way of usual sea routes of substantial significance for international navigation and fishing.

3. Organizations responsible for the maintenance and use of artificial islands, dikes, buildings, and installations will ensure their security, and maintain permanent systems to inform about their location.

4. Abandoned or idle artificial islands, dikes, buildings, and installations, if they cannot be used for economic or other purposes, shall be dismantled to the extent that they do not threaten the people's security and hinder navigation and fishing.

5. The assembly, exploitation, and use of artificial islands, dikes, buildings, and installations will be carried out in accordance with the regulations on assembling, exploiting, and using artificial islands, dikes, buildings, and installations while carrying out oil operations, which is confirmed by the Government of the Republic of Kazakhstan.

Article 33. The dumping and burying of waste products related to carrying out oil operations at sea.

1. Dumping and burying waste products produced during oil operations at sea are prohibited.

2. Dumping industrial-use water in the sea will be allowed only with the permission and under the control of state supervisory agencies, and on condition that it is cleaned to the degree established.

Article 34. Scientific maritime surveys.

1. Scientific maritime surveys can be carried out by both Kazakh and foreign juridical and natural persons, foreign states, and competent international organizations.

2. The following principles will be observed while carrying out scientific maritime surveys:

i) scientific maritime surveys shall not create unjustified obstacles for other legal means of using the sea;

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ii) scientific maritime surveys shall be carried out under the required scientific methods and means, while taking account of natural phenomena;

iii) after it is processed and analyzed, all data collected in the course of scientific maritime surveys shall be handed over to the Republic of Kazakhstan, and shall not be freely disseminated or published, unless preliminary permission is given by the Government of the Republic of Kazakhstan.

3. Scientific maritime surveys can be carried out only with the permission of the Government of the Republic of Kazakhstan. The procedure for carrying out scientific maritime surveys shall be confirmed by the Government of the Republic of Kazakhstan.

Article 35. The right of the Republic of Kazakhstan to purchase oil.

1. The Republic of Kazakhstan has first refusal over obtaining oil at world market prices from a foreign user's share of mineral resources, or from that of a non-state user of mineral resources of the Republic of Kazakhstan. The maximum volume of oil to be purchased, the procedure for defining the price and form of payment shall be stipulated in the contract.

2. The terms for purchasing oil from a state user of mineral resources shall be defined by the Government of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan.

Article 36. Requisition of and compensation for oil.

1. In case of war, natural disaster, or other cases envisaged by the legislation on extraordinary situations, the Government of the Republic of Kazakhstan has the right to requisition a part or the whole of the volume of oil belonging to a mineral resources user, either on the basis of the right of ownership or the right of economic management. The requisition shall be carried out to the extent necessary to meet the demands of the Republic of Kazakhstan during the whole period of the extraordinary situation. The requisition shall be carried out from all users of mineral resources in equal proportion to the level of the actual extraction of oil, irrespective of their form of ownership and state of origin.

2. The Republic of Kazakhstan guarantees compensation for oil requisitioned in kind, or in payment to a foreign user of mineral resources, in freely convertible currency, and to a national user of mineral resources in the national currency, at the world market price on the day of the requisition.

Article 37. State supervision of carrying out oil operations.

State supervision of carrying out oil operations shall be conducted by the state organizations (within their competence) in accordance with the current legislation of the Republic of Kazakhstan. Employees of such organizations who carry out checks shall ensure the preservation of commercial secrets.

Article 38. Supervision of oil extraction.

If a contractor does not start extraction or extracts oil at a level not corresponding to the geological possibilities of a deposit, without good reason, the licensing agency can, by written notification, recommend the contractor to adopt measures by a fixed date to ensure the volume of extraction based on the positive practice of oil deposit development. If the recommendations are not fulfilled by the date established, the licensing agency can, in accordance with Article 24 of the present decree, withdraw the license.

Article 39. Measurement of extracted oil.

1. The measurement and weighing of oil extracted on a contract territory shall be carried out by the contractor in accordance with a method confirmed by the Government of the Republic of Kazakhstan.

2. A contractor shall systematically, in the established manner, and within the period set, and with the participation of a representative of the competent state body, carry out the testing of equipment and devices used for measuring and weighing oil.

3. If, during the testing or inspection, it is revealed that the equipment or devices are defective, and the duration of the state of disrepair cannot be defined retrospectively, then this period shall be defined as having been half of the period since the previous measurement up to the date of uncovering the defect.

Chapter 7. Rights and duties of the contractor.

Article 40. Rights of the contractor.

The contractor has the right:

1) to carry out on an exclusive basis oil operations on the contract territory, if so stipulated in the license or contract;

2) to construct on the contract territory industrial and social facilities necessary for maintaining normal work, and also to use, in agreement with the owners, facilities and communications in general use both on the contract territory and beyond its borders;

3) to employ subcontractors for fulfilling individual types of work related to carrying out oil operations;

4) to manage a share of oil (products) and accompanying components, including oil received during carrying

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out experimental industrial work and experimental exploitation of boreholes belonging to the contractor either in the Republic of Kazakhstan or outside it, except cases stipulated in Articles 35 and 36 of the present decree;

5) immediately to hold talks on extending the period of validity of a contract beyond the terms set in Article 19 of the present decree;

6) to refuse all or a part of his rights and cease his activities both on a contract territory and in the republic, in terms defined in a contract;

Article 41. Duties of the contractor.

In the process of implementing the contract, the contractor must:

1) choose the most effective methods and technology for carrying out oil operations based on the standards accepted in the world industry;

2) use a contract territory only at the purposes envisaged in a license and a contract;

3) carry out oil operations in strict accordance with the applicable law, to observe the regulations on protecting the environment and mineral resources;

4) not to hinder other persons from freely moving within the contract territory, using facilities and communications in general use or carrying out any kind of work, including prospecting, developing and extracting other natural resources, except oil, if it is not connected with particular safety conditions, and if such activity does not prevent the carrying out of oil operations.

5) to act in line with the technological outlines and projects on carrying out oil operations, which are confirmed in the established order, and ensure safety of the personnel and population;

6) to give preference to the equipment, materials, and finished products made in the Republic of Kazakhstan, if they are competitive on ecological, technical and working parameters, prices, and terms of delivery;

7) to give preference to enterprises from Kazakhstan and organizations as regards services during oil operations, including the use of air, railway, maritime, and other kinds of transport, if these services are competitive in price, effectiveness and quality;

8) while carrying out oil operations, to give preference to personnel from Kazakhstan;

9) to submit to the competent [state] body a program of the outlined work, as well as full information on the process of implementing a project;

10) without hindrance to submit the necessary documents and information to the supervisory agencies of the Republic of Kazakhstan, and to give them access to the working sites while they fulfill their official functions.

11) to transfer the information about the state of oil operations to third persons, if such necessity arises, only with the joint consent of the parties, if not stipulated otherwise in the contract;

12) to submit geological and geophysical information on the results of activities on a contract territory to the licensing agency;

13) to pay off taxes and make other compulsory payments on time;

14) in line with the contract, to take part in developing the social infrastructure;

15) to preserve sites of cultural and historical significance;

16) to forecast the long-term ecological and economic consequences of his economic activities;

17) in accordance with the legislation of the Republic of Kazakhstan, to restore at his own expense those plots of land and other natural sites damaged in result of oil operations to the condition in which they might be used in future.

Chapter 8. Main pipeline transport.

Article 42. Right of ownership of a main pipeline.

1. The main pipeline is an indispensable technological system, and can either be the subject of state or other forms of ownership.

2. The management of a main pipeline shall be carried out by its owner, if not stipulated otherwise in the contract.

Article 43. Use of a main pipeline.

1. Use of the facilities of the main pipeline shall be carried out in accordance with the rules of the technical exploitation and protection of a main pipeline, and its safety confirmed by the government of the Republic of Kazakhstan. The above-mentioned rules are to be compulsorily observed by all state organizations, enterprises, users of land, officials and citizens while contacting the owners of a main pipeline.

2. Power-providing enterprises are prohibited from carrying out operations to reduce the set level of power consumption without coordination with the owners of a main pipeline.

3. The owner of a main pipeline, in agreement with the local representative and executive [state] bodies

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and other concerned enterprises and organizations, will work out joint measures for ensuring safety conditions while using the facilities of a main pipeline, liquidating possible accidents, extraordinary situations and their consequences.

4. The owner of a main pipeline is responsible for the observation of the rules for its technical operation, safety, and security.

5. Any kind of work and action is prohibited in the security zone of a main pipeline without coordination with its owner.

6. Construction of any facilities not related to a main pipeline is prohibited within the minimum distance established by the construction standards and rules.

Article 44. Relations of the owner of a main pipeline with local [state] representative and executive bodies and consignors.

1. Local representative and executive bodies have no right to interfere in the operation and production activities of a main pipeline connected with re-pumping, storing and distributing oil.

2. Employees of emergency services, and of the main pipeline emergency and special equipment, cannot be involved in other work.

3. If there is a given reserve of capacity in a main pipeline, its owner has no right to refuse a consignor oil transport facilities. Along with this, all consignors have the right to receive transport services at the same tariffs.

Article 45. Construction, laying and operation of underwater pipelines and cables.

Construction, laying and operating underwater pipelines and cables shall be carried out in accordance with the safety rules and requirements on protecting environment on constructing, laying and operating underwater pipelines and cables, as confirmed by the government of the Republic of Kazakhstan.

Chapter 9. Protection of the environment, and security of the population and personnel

Article 46. Status of environmental protection measures.

Implementation of environmental protection measures and the protection of the health of the population and personnel shall be carried out in accordance with the current legislation and is a compulsory condition for carrying out economic activity on forecasting (planning), projecting and carrying out all oil operations.

Article 47. Ecological grounds for signing a contract.

The required ecological grounds for signing a contract is a positive conclusion by a state ecological examination of ecological and economic grounds for oil operations, which is made on a variant basis and includes compulsory assessment of the influence on the environment that the planned activity might cause.

Article 48. Monitoring.

Before the commencement of oil operations, and throughout the whole period of their implementation, the user of mineral resources must create a system for receiving up-to-date and comprehensive information about changes in the environment and the character of the impact on it of the economic activity being carried out — monitoring, with the aim of taking measures to eliminate and reduce negative impact on the environment and to ensure the ecologically safe implementation of oil operations.

Article 49. Carrying out oil operations at sea, on internal bodies of water, extraordinary ecological condition zones and at natural and cultural sites under special protection.

1. General permission to carry out oil operations at sea, on internal bodies of water, extraordinary ecological condition zones, and at natural and cultural sites under special protection will be granted by the President of the Republic of Kazakhstan at the request of the government of the Republic of Kazakhstan, and on the basis of the conclusion of a state ecological examination.

2. The procedure for carrying out oil operations at sea, on internal bodies of water, extraordinary ecological condition zones and at natural and cultural sites under special protection will be established by the government of the Republic of Kazakhstan.

3. Transportation of oil in the reserved part of sea while developing deposits will be carried out by pipelines in line with the requirements established by the legislation on environmental protection.

Chapter 10. Commercial terms.

Article 50. Currency operations.

The procedure for carrying out currency operations by the contractor and subcontractor will be defined by the legislation of the Republic of Kazakhstan.

Article 51. Customs regime.

The customs regime will be carried out in accordance with the legislation of the Republic of Kazakhstan.

Article 52. Taxes and their payment.

While carrying out oil operations the contractor is a taxpayer, and will also make other compulsory payments

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in accordance with the legislation of the Republic of Kazakhstan.

Chapter 11. Legal terms.

Article 53. Transfer of rights and duties.

1. The contractor can hand over to another juridical or natural person or international organization all or part of his rights and duties by contract, including the transfer of a controlling package of shares, only with the written permission of the licensing agency or competent state body. Terms for the transfer of rights and duties to a filial organization will be stipulated in the contract.

2. Expenditures connected with the transfer of rights and duties carried out in accordance with Section One of the present article will be the responsibility of the contractor.

3. While the contractor still takes any part in the contract, he and the person to whom the rights and duties are being transferred are both responsible under the contract.

Article 54. The right to own information on mineral resources will be defined in accordance with the Code of the Republic of Kazakhstan on mineral resources and processing mineral raw materials.

Article 55. Insurance.

1. Contractors must insure themselves against property and liability risk connected with:

1) transporting and storing freight being delivered to the site where oil operations are to be carrying out;

2) the property of the contractor used in carrying out oil operations, including leased property, as well as property of other contractors involved;

3) environmental pollution, including land, and expenditures on eliminating the consequences of damage caused to environment, including restoration and improvement of land;

4) general civil and legal responsibility to third parties.

2. Contractors must insure their personnel against accidents at work and illnesses connected with their work, including expenditures connected with treatment of the personnel from the consequences of accidents at work and illnesses connected with their work.

3. Insurance shall be carried out in accordance with the legislation of the Republic of Kazakhstan.

Article 56. Labor relations.

Terms of payment, work and rest routine, social guarantees and social insurance of citizens of the Republic of Kazakhstan employed by the contractor shall be regulated by the legislation of the Republic of Kazakhstan.

Article 57. Guarantees of the rights of the contractor.

The contractor will be guaranteed protection of his rights in accordance with the legislation of the Republic of Kazakhstan. Amendments and addenda to the legislation to the detriment of the conditions of the contractor will not be applied to the licences and contracts issued and concluded before such amendments and addenda are carried out.

Article 58. Resolution of disputes.

1. Disputes related to refusing extension, terminating the validity of a license and withdrawing it, and concluding and carrying out the contract, shall be resolved as far as possible through negotiations, including ones involving international experts, or in accordance with the procedures of settling disputes agreed in advance in the contract.

2. If such disputes cannot be resolved in accordance with the regulations of Point One of the present article, any side can, in order to resolve the dispute, apply to:

1) the judicial establishments of the Republic of Kazakhstan authorized to consider disputes of this kind in accordance with the legislation of the Republic of Kazakhstan;

2) international arbitration establishments in accordance with the Law of the Republic of Kazakhstan "On Foreign Investments";

3. All other disputes, including those between a user of mineral resources and juridical persons and citizens of the Republic of Kazakhstan, shall be resolved by the authorized judicial establishments of the Republic of Kazakhstan, unless stipulated otherwise by an agreement between the parties.

Article 59. Procedure for the present decree's coming into force.

The present decree comes into force on 1 July 1995.

[Signed] President of the Republic of Kazakhstan Nursultan Nazarbayev. Almaty, 28 June 1995.

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Tajikistan

Foreign Minister on Next Round of Inter-Tajik Talks

MM0208151295 Moscow PRAVDA in Russian 2 Aug 95 p 2

[Report by Igor Lenskiy: "Fifth Round Lies Ahead. To the Inter-Tajik Talks"]

[FBIS Translated Text] The time and place of the fifth round of inter-Tajik talks will be determined during the visit to Tajikistan by Ramiro Piris Ballon, the UN secretary general's special envoy, which is beginning today. Tajikistani Foreign Minister Talbak Nazarov stated this in a telephone conversation with your PRAVDA correspondent.

At the previous meeting in Teheran between republic President Emomali Rakhmonov and opposition leader Said Abdullo Nuri, a joint statement on general political questions was signed, the minister said. The attempt to put them into a concrete form was not unsuccessful.

The state delegation proposed to extend the cease-fire agreement, which runs out 26 August, by another six months. However, this intention has not yet met with support, and the question has been postponed until the fifth round. The idea of a consultative conference (and not a "Congress of Peoples," as was erroneously reported in the press) appeared more attractive to the partners in the talks. Having 30 representatives of the warring sides within it, for instance, such a conference could be designed to elaborate a complex of recommendations bringing attitudes to the subject of the talks closer together. However, the mechanism for the implementation of this idea is as yet unclear, and this has also been put off until the fifth round.

The main conflict, T. Nazarov told PRAVDA, is that according to the conditions of the previous stage of talks, by the fifth round, prisoners of war from the Tajik Army currently being held in Afghanistan were to have definitely been exchanged for the arrested opposition supporters on a one-for-one basis. The state delegation presented a list of 165 men, but the opposition's list turned out to be shorter by a few people, and certain names are being checked at present. Our interlocutor expressed the hope that the check would be completed in the near future and that all the prisoners would be set free.

Although the agreement on the truce has played a role and the incidents on the border may have become rarer, but they are still continuing, the minister noted. Just the day before, a smuggler with 300 kg of drugs was arrested there. The border guards and collective peacekeeping forces have started operating more resolutely. Unlike the previous commander, Tajikistan's leadership has no grudges against the new Peacekeeping Forces Commander Valentin Bobryshev.

Judging by our conversation, official Dushanbe feels confident by and large and does not intend to artificially speed up the inter- Tajik dialogue and make unjustified concessions to the opposition. And, the minister confirmed, it is only the vague state of the negotiating process that is getting in the way of definitive political stabilization.

The fifth round may be conducted in Ashgabat; the Turkmen-bashi [President Niyazov] has already issued an invitation, and the Tajikistani delegation is prepared to accept it. The United Nations, according to T. Nazarov's information, is studying the Vienna or Geneva options. The opposition is inclined to choose a major city in the Islamic world, however.

Situation on Tajik-Afghan Border 'Alarming'

LD0208172495 Moscow ITAR-TASS in English 1410 GMT 2 Aug 95

[By Galina Gridneva]

[FBIS Transcribed Text] DUSHANBE, August 2 (ITAR-TASS) — The situation in some sections of the Tajik-Afghan border remains extremely alarming, Lieutenant-General Pavel Tarasenko, commander of the Russian border troops in Tajikistan, said.

Speaking at a news conference in Dushanbe on Wednesday, Tarasenko said he did not rule out the possibility of new attempts by militants to cross into Tajikistan from neighbouring Afghanistan.

He stressed that the Russian command has trustworthy information that large groups of militants are massing up in the border districts of Afghanistan which are adjacent to the sections controlled by the Moscow, Kalaykhum and Khorog border guard units, seeking to cross into Tajikistan for further operations against government troops.

Tarasenko said border guards reported that two armed groups of 30 to 40 people are building strongholds and bases to be used for launching attacks on Russian border guards in the Shuroabad section of the border.

Another armed group consisting mostly of mercenaries from third countries is stationed close to the Tajik border and has not made any attempts so far to cross the border.

The situation in the Pamir section of the border is also complex as a group of up to 800 militants continues to beef up right across the 5th and 6th border posts of the

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Kalaykhum border unit. Another group of 400 people was reported establishing its positions in the Vanch-Yazguli section controlled by the Khorog border guard unit.

There have also been cases when armed militants disguised as civilians tried to cross the border in the Pamir section and head for Tajikistan's eastern regions of Garm and Tavil Dara.

Tarasenko stressed that all these facts testify to the opposition's preparations for a new armed invasion of Tajikistan, which would constitute an egregious violation of the intra-Tajik ceasefire agreement.

He said these facts have been made known to the Tajik leadership, including President Emomali Rakhmanov, and military experts from the U.N. mission in Dushanbe.

The general noted that there are certain forces, including shadow economy dealers and drug cartels, which do not want the situation in the republic to stabilise. By organising such provocations they seek to derail the peace process in Tajikistan, he said.

Uzbek President Invites Opposition for Talks

LD0308070495 (Clandestine) Voice of Free Tajikistan in Tajik 0300 GMT 3 Aug 95

[FBIS Translated Text] President Islam Karimov of the Republic of Uzbekistan has invited Sayed Abdullo Nuri, the leader of the united Tajik opposition forces, to send a delegation to Tashkent to meet him. According to our correspondent's report, this wish of the Uzbek president was accepted by the opposition leadership and it was decided that on 4-5 August 1995, Professors Haji Akbar Turajonzoda and Muhammadsharif Himmatzoda, deputy leaders of the Islamic Movement of Tajikistan, would arrive in Tashkent and hold a meeting and talks with Islam Karimov.

This is the second time that the president of the Republic of Uzbekistan has invited the leaders of the Tajik opposition to Tashkent. The first meeting between high-ranking opposition officials and Tashkent bodies took place on 3 April 1995, and aroused anger and indignation, as well as an official statement from the administration of (?Tajikistan).

This next meeting follows the Russian prime minister's visit to Tashkent and the tough statement by the two countries on the Dushanbe regime's policy [words indistinct]

It is supposed that Islam Karimov can arrange a meeting of the Tajik opposition leader's envoys with Russian Prime Minister Viktor Chernomyrdin. If this happens, we will be able to say that a new page has been opened in the destiny of the Tajik opposition.

Uzbekistan Halts Supply of Gas to Tajikistan

LD0308090495 Dushanbe Radio Tajikistan Network in Tajik 0500 GMT 3 Aug 95

[FBIS Translated Text] Dushanbe residents 1 August became aware of the fact that there was no gas for their stoves. Why? A KHOVAR correspondent asked Tajikistan's state gas concern, Tojikgaz, for an answer to this question.

(Aslam Saydov), acting deputy president of this concern, said the following:

We received 21 July a telegram from Uzbekistan. The telegram said that because of Tajikistan's indebtedness the supply of gas would be halted. At 1700 that day, the gas suppliers turned off the gas at the 235th kilometer post of the Keles-Dushanbe gas pipeline and the gas supply to Tajikistan was halted. In the following days, residents used up the gas that remained in the pipelines.

According to the intergovernmental agreement, Tajikistan had to pay $2 million for gas in July. On 25 July only $1 million had been paid and the other million was outstanding. As soon as the second part of the debt is paid the supply of gas to the republic will be resumed.

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Armenia

OSCE/UN Monitoring Group Submits Election Report

NC0208205695 Yerevan NOYAN TAPAN in English 1500 GMT 2 Aug 95

[FBIS Transcribed Text] 02/08/95 NOYAN TAPAN — On August 2 the OSCE/UN Joint Operation on the Election Monitoring in Armenia issued the following press release:

"1. The OSCE/UN Joint Operation on the Election Monitoring in Armenia was established in the country at the beginning of May 1995. The Joint Operation closely followed the pre-election process, including the registration of candidates, the electoral campaign and observed the first and second round of elections to the National Assembly of the Republic of Armenia, including the final tabulation of results.

"2. The Joint Operation notes the achievement of the Government of Armenia in holding the first parliamentary elections since independence and is encouraged by the degree of active participation of many political parties and candidates, as well as the involvement of a large part of the Armenian civic society.

"3. Reviewing the entire electoral process as monitored by the observers of the Joint Operation, and notwithstanding several positive features as mentioned above, the Joint Operation wishes to report concerns voiced by international observers on the following points: First, it is felt by many observers that the Law on Elections has often been applied selectively and inconsistently by the General Electoral Committee. Such seemed to be particularly the case on the question of registration of candidates with several independent or opposition candidates reportedly being denied registration, without thorough investigation. Many cases were decided shortly before election day, which denied some candidates a fair chance of being registered. Secondly, the Joint Operation regrets to note that not one single court case that has been filed against the Central Electoral Committee has been resolved as of today, partly due to the fact that the Central Electoral Committee has failed to appear in court on requested dates. Thirdly, the final results for the referendum and the elections by proportional representation have been adopted by the Central Electoral Committee either in the absence of some members or over the protest of a number of members of the Central Electoral Committee. Finally, the fact that official results at the district level have not been published and that several members of the Central Electoral Committee have not had access to official protocols for over one week raise questions as to the accuracy of the official figures published for the general elections.

"4. Reports from international observers on the second round of elections of 29 July 1995, including the repeated voting, indicate that in general the voting process was smooth and that less confusion was observed mainly due to the low voter turnout. In some districts tensions were similar to those observed during the first round. The predominant presence of police, officers from the Ministry of Internal Affairs and other security forces was noted by all international observers.

"5. The Joint Operation considers that one of the important principles of a democratic electoral process includes transparency on the work of the electoral committees as well as the creation of a transparent environment throughout the process. Respect for international standards constitutes the basis for the legitimacy of a newly elected legislative body. The Joint Operation, therefore, wishes to make the following recommendations, which could contribute to minimize irregularities during future elections, to meet the expectations of the Armenian people and to increase their confidence in processes conducive to democratic principles:

"(a) The elections should be administered by an independent, and not political, body and governed strictly by clearly defined regulations;

"(b) All complaints submitted by individual candidates or political parties must be heard within a given time frame;

"(c) The counting process should be public and transparent, including the process of central tabulation of results. Detailed results should be published within the time prescribed by law at all levels;

"(d) Questions on the validity of elected candidates should be decided by an independent civil court, which must be bound to deliver final results in a timely manner;

"(e) The electoral law should clearly prohibit the police, officers of the Ministry of Internal Affairs, other security forces and authorities not directly involved in the electoral process from being present in the polling stations;

"(f) Appropriate provisions should be made for the registration of the military in order to guarantee compliance with the principles of the electoral law.

"6. A final report on the elections will prepared and submitted by the Joint Operation to the authorities of the government of Armenia."

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Karabakh's Ghukasyan Holds News Conference

NC0208154095 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0810 GMT 2 Aug 95

[FBIS Transcribed Text] Stepanakert ("LRAGIR" daily-PAST), 08/02/95 — RMK [Republic of Mountainous Karabakh] Foreign Minister Arkadi Ghukasyan held a press conference on 31 July, dedicated to the results of negotiations within the framework of OSCE, held in Baden on 24-28 July.

Mr. Ghukasyan said discussions were held in two basic directions, to facilitate signing the agreement about stopping military conflict. Such essential aspects were taken into consideration, as security of Mountainous Karabakh and its status, the problem of Armenian refugees who fled from Northern Artsakh [Nagorno-Karabakh], Baku, and other cities of Azerbaijan. The Azeri delegation, in turn, raised the problems of Shusha and Lachin, in an attempt to block discussion of problems, offered by the Karabakh delegation.

RMK Foreign Minister said that the problem of Shusha, and that of return of Azeri refugees to the town is far-fetched and exaggerated, whereas the problems of security and status, raised by the delegation of RMK, make the negotiations easier.

Stepanakert made new proposals in Baden. Particularly, it raised the problem of increasing the role of Armenia as a constituent part of RMK security. This problem has three aspects. First, responsibility of Armenia in case of an Azeri attack at Mountainous Karabakh. In other words, international community should give Armenia a mandate to interfere in the Karabakh-Azeri conflict. Second is the possibility of stationing military forces of Armenia on the territory of Mountainous Karabakh, and third, using armed forces of Armenia as disengagement forces in one of the coming stages.

According to Arkadi Ghukasyan, all the participants of Minsk group have correctly understood these ideas. RMK Foreign Minister said that a clear definition of RMK's right for self defense, based on the Article 55 of the United Nations Charter, is another achievement of negotiations in Baden. This right has been recognized by everyone, including Azerbaijan.

Security Council Issues Statement on 'Terrorist Group'

NC0208140895 Yerevan NOYAN TAPAN in English 1507 GMT 1 Aug 95

["Statement by Armenian Security Council"—NOYAN TAPAN headline; quotation marks as received]

[FBIS Transcribed Text] 01/08/95 NOYAN TAPAN — "Security Council of the Republic of Armenia, having discussed the evidence presented by Ministry of National Security and Interior Ministry regarding the activities and purposes of the terrorist group arrested on July 28, has come to the following conclusion:

1. Thanks to a scrupulous and highly professional work of relevant agencies the danger imposed by the terrorist group upon the lives of a number of people has been eliminated.

2. At the same time, the activities and the purposes of the group were dangerous by following reasons. If the group had succeeded in its undertakings, they would have deprived the Republic of not only human lives but also political stability, would have jeopardized the election outcomes and democratic reforms in Armenia, which will gain sound basis after the Constitution is adopted and implemented. That was the main objective of the group.

Therefore the actions of the terrorist group were based on carefully meditated political aims.

3. The group itself, its political connections and the results of interrogations show that the group was connected with clandestine militarized organization "Dro" which functions within the Armenian Revolutionary Federation [ARF, Dashnaktsutyun]. This is another proof of criminal and illegal actions of this organization.

It is interesting that the acts of terror were planned for July 29, which is

a) the day of second round of parliamentary elections (their representatives were ignominiously defeated in the first round),

b) a few days before the start of the trial of "Dro" case, in which the prosecution plans to present evidence of criminal actions of this organization,

c) a few days before re-confirmation of the Supreme Court verdict temporarily suspending the activities of the party, because the six- months period is over, and the party has not yet proved or guaranteed its adherence to the law on public and political organizations in Armenia.

Obviously "Dashnaktsutyun" party is not going to contribute to normal political processes indulging itself in using all possible means, including assassinations, in order to attain its narrow political goals which will undermine the internal political stability in the country.

Everything testifies to the fact that regardless of its activities or prestige abroad, "Dashnaktsutyun" party is no longer a political party, in the main sense of the word, in Armenia.

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This organization is concealed by framework of political party, which gave it a legal status in Armenia and helped it abroad. The leadership of this party and that of the "Dro" organization took advantage of the good will of a number of foreign governments, as well as the wishes and concerns of Diaspora, and pursued such goals and engaged in such activities which have nothing to do with politics.

4. It is clear for the leadership of Armenia that the statements in support of "Dashnaktsutyun" by representatives of several foreign states who had good intentions, contributed to overconfidence of its leaders increasing their trust in their untouchability. The unlawful activities hidden under the slogans of the party among the rest also take advantage of the factor that every time the Government of Armenia reveals them it is pressed by various organizations in the name of human and civil rights, which gives a perfect opportunity to evade responsibility for crimes which would not be tolerated by any other government.

In connection with this, Armenia hopes to cooperate with those countries and governments which consider their duty to struggle against international terrorism, a peculiar manifestation of which is the ARF-Dro phenomenon.

The acts of terror planned and executed by the group prior to the July 28 arrests are no less dreadful than the actions of so called "religious sect" in Japan, group of fanatics at the railway station in Paris or the Oklahoma bombing.

The Government of Armenia is confident that leaderships of all countries which are interested in strengthening of democracy and stability in Armenia will refrain from rendering moral or other support to this organizations.

The Government of Armenia [hopes] that leaderships of friendly states will help reveal the wide-spread net of this terrorist group and all its supporters abroad.

5. Security Council of the Republic of Armenia hopes that appropriate agencies and the Prosecutor's Office will immediately investigate the matter in impartial manner, in strict accordance with the provisions of the law against terrorism and banditism and severely punish the criminals.

6. Security Council appreciates the efforts of Ministry of National Security and Interior Ministry which displayed vigilance and courage in struggle against the group, and regrets about those injured in the action.

7. The Government of the Republic of Armenia once again declares its utmost adherence to human rights and civil liberties provided by the Constitution. The Government of Armenia will wait for the results of the trial which will define the limits for personal responsibility. Meanwhile, the Government of Armenia will resolutely enforce the laws of the Republic of Armenia to protect the rights of all citizens and insure stability in the country.

July 31, 1995"

More High-Level Arrests Made

NC0208150095 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0810 GMT 2 Aug 95

[FBIS Transcribed Text] Yerevan ("LRAGIR", "AZG" dailies), 08/02/95 — Relatives and friends of Manuel Yehiazaryan, who was arrested by National Security forces on 28 July, collected near the government building yesterday, requesting a meeting with Prime Minister.

Mr. Yeghiazaryan's wife was told that investigation is currently in process, and no reports can be made. She was invited to come back by 4 pm today, but "without people".

AZG reports that one of those arrested, charged with being involved in a terrorist group, was a deputy of the Yerevan City Council, member of ARF [Armenian Revolutionary Federation] Dashnaktsutyun party Mr. Armen Rostomyan. Same sources reported that neither a decision of the City Council, nor a sanction of the prosecutor existed at the moment of the arrest. Still, Russian Vesti TV program reported that a prosecutor's sanction has been issued. AZG reports that a session of the City Council impeached [revoked] Mr. Rostomyan's deputy inviolability.

One of the arrested, Vahan Hovhannesyan, demanded to invite Mr. Ruben Sahakyan as his lawyer, but Head of the Inspector Group of the Prosecutor's office Mr. Gyozalyan has not allowed their meeting on 30-31 July. A new declaration of ARFD Bureau, made on 31 July, says that "according to the criminal code of Armenia, interrogation of a suspect, within 24 hours from the arrest, should be made with the presence of a lawyer. Vahan Hovhannesyan was arrested at 1-1:30 am on 29 July, and without prosecutor's sanction".

NOYAN TAPAN reports, quoting sources close to ARFD, that according to not verified information, one of two persons arrested on 31 July was former deputy of the Supreme Council Garnik Isagulyan. Same sources reported that Mr. Isagulyan's friends were not able to find him on 31 July-1 August.

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Security Ministry Seeks Two Suspects

NC0208212295 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 2 Aug 95

[Statement by Armenian National Security Ministry—read by announcer]

[FBIS Translated Text] The following are being sought by Armenian National Security Ministry on charges of organizing acts of terror directed against the state and social order enshrined in the Armenian Constitution:

Garnik Samveli Isagulyan [a Dashnak member in the former parliament], born in Iran in 1918. His residential address is Masis, New District, Building 22-8/13, Apartment 3. He is of average height with normal physical appearance, and with a receding hairline [words indistinct].

Ashot Sepuhi Avetisyan, born in 1950 in Tvin in Artashat. His residential address is Yerevan, Baronian Street [numbers indistinct] 13. Average height with normal physical appearance.

Citizens are requested to call 563515, 529296, or 581112 if they have any information on their whereabouts.

Azerbaijan

OSCE Baden Meeting Issues Political Document

NC0208205995 Baku TURAN in English 1418 GMT 2 Aug 95

[FBIS Transcribed Text] Baku/02.08.95/TURAN — Participants of the meeting of the OSCE Minsk group in Baden (Austria) on July 24-28 devoted to the problems of the settling of the Armenian-Azeri conflict consider that there was useful exchange of views, reads the political document issued on the results of the meeting.

"Frank and detailed condemn [as received] of the key problems in Baden will help the authorities of the warring parties to determine the realistic approaches for soon signing of an agreement," note the authors of the Baden's document.

The participants of the Minsk group called the countries "to focus their efforts on the achievement of the main consensus for the resolution of the key problems." They underlined the "significance of direct contacts which will help to obtain mutually acceptable compromise between the parties," reads the document.

They note in the statement that the Chairman of Senior Council Ishtvan Diarmati confirmed that the OSCE would conduct peacekeeping operation under the condition if the parties obtain political consensus.

The members of the OSCE Minsk group appreciate the intention of the co-chairman to intensify the contacts in the region and if there is any progress they will start the negotiations.

'Secret' Turkish-Armenian-Azerbaijani Talks Reported

NC0208205195 Baku TURAN in English 1417 GMT 2 Aug 95

[FBIS Transcribed Text] Istanbul/02.08.95/TURAN — A secret agreement between Armenia, Azerbaijan and Turkey is being negotiated to end the seven-year-old Karabakh conflict, reported the YENI SAYFA newspaper quoting a reliable source from Turkish government circles.

According to the newspaper, this agreement has been in the works for the past year and half and was recently approved by high level officials of the three governments, said a Turkish Government source who declined to be identified.

This agreement calls for an end to the Karabakh conflict, and most importantly places Karabakh under Azeri control as an autonomous entity. President Levon Ter-Petrosyan has reportedly argued that it would be difficult to "sell" this plan to his people, thus asking for guarantees from Turkey. In response, Turkey dispatched Gurbuz Capan, the mayor of a township near Istanbul, to Armenia, through whom a gesture of co-operation was demonstrated. During his visit to Armenia, Capan and his delegation were escorted to Tsitsernakabert and laid wreaths at the monument commemorating the memories of the 1.5 million martyrs of the Armenian Genocide, a move which created much public dismay in Turkey. Upon their return, the Turkish delegation recounted the events, reporting that Armenian officials forced flowers into their hands for the "farcical" ceremony.

According to the government source, the agreement also calls for changes on the borders of Armenia and Azerbaijan and Armenia and Nakhichevan. The agreement however, provides for territorial integrity and there will be no concessions on land by either side. "Not even an inch of Turkish land will be given to Armenia," asserted the government source.

The agreement also calls for the construction of the much talked about Azeri oil pipeline over Armenia, with that country receiving an important share of the oil passing through its territory.

The secret accords also call for food and other "humanitarian" assistance to Armenia. The source added that the agreement reportedly calls for the closure of all borders

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with Iran and the opening of borders and frontiers to Armenia as a gateway to Central Asian republics.

Armenia and Turkey will also mutually co-operate to eliminate terrorism and the existence of so-called terrorist organizations. Reports indicated the provisions of this agreement will begin to be carried out in coming months. The agreement also calls for an immediate end to all military activities between Azerbaijan and "Armenians of Nagorno-Karabakh," and provides for the disarmament all cities and towns in and around Karabakh. The agreement also foresees the return of all "refugees" to their homes in the conflict zone in a Karabakh which will be administered through a representative government with equal number representation from Armenian and Azeri communities.

According to this agreement, Armenia will become a strategically important area for Turkey, for it will serve as a gateway to the West and East. Turkey stresses that if Armenia adheres to all points of this agreement, it will have the opportunity to participate in the lucrative European Union. The Turkish Government official also said the agreement will make the Ceyhan port the most important port in Europe.

Nagorno-Karabakh Parliament Extends Martial Law

LD0308093295 Moscow INTERFAX in English 0421 GMT 3 Aug 95

[FBIS Transcribed Text] STEPANAKERT, Aug 2 (INTERFAX) - The Nagorno-Karabakh parliament extended the term of martial law in the republic and adopted a relevant law Wednesday [2 August].

"Of course, we understand that the martial law implies restrictions of human rights and freedoms," chairwoman of the defense and national security committee Lidiya Sarkisyan-Arsentyeva told INTERFAX. "At the same time, we hope that this decision will promote intensified efforts by international human rights organizations to remove the main cause of such an extraordinary measure, the war," she added.

Commenting on the law, she remarked that "it is not by chance that the document is the first legislative act to be created by the new deputies' corps." "The Nagorno-Karabakh republic, following the path of building independent statehood and being in the state of war, needs to live according to its own laws considering the present situation instead of being directed by the law of the former Soviet Union, as was the case until recently," she said.

According to Sarkisyan-Arsentyeva, the law clearly defines the powers of the power bodies under martial law and envisions criminal responsibility for abuse of office.

At the same time, she said that "the law stipulates that the president is entitled to suspend the extraordinary measures provided a long-term cease-fire is achieved."

Attempt To Blow Up Bridge in Baku Fails

NC0208143395 Baku TURAN in English 0923 GMT 2 Aug 95

[FBIS Transcribed Text] Baku /02.08.95/ TURAN — Last evening there was a special meeting with participation of the force Ministers and Azeri President. The meeting was connected with the attempt to blow up one of the bridges in Baku.

During the meeting President Aliyev instructed to strengthen the control over basic transportation routes, industrial objects as well as other important objects, the sources from the Ministry of National Security of the republic told TURAN.

The Minister of National Security, Namik Abbasov, told TURAN the employees of the law-enforcement bodies found an explosive — trotyl supply weighing more than 100 kilos, that was planted to the Komsomolsk bridge. He said the criminals prepared everything for the explosion.

Presently additional works for specification of the parametres of the explosive and the circumstances surrounding this event are being conducted. The persons involved in this act of terrorism are arrested and the criminal proceedings are initiated. The Minister Abbasov did not speculate on the details saying it is a secret of investigation. He said this evening the detailed report about yesterday's meeting will be broadcasted on Azerbaijani television.

As the credible sources told TURAN, the explosive was planted to the root of the bridge, which is unofficially called Komsomolskiy bridge and is located on the road leading from Baku to airport. Last Sunday [30 July] President Aliyev had to follow this route from his country villa in Baku. When the explosive was found Presidential trip was canceled.

President Chairs Security Meeting

NC0208194695 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 2 Aug 95

[FBIS Translated Text] The Azerbaijani presidential press service reports that a consultative meeting was held under Azerbaijani President Geydar Aliyev on 1 August with the participation of the heads of the republic's law enforcement organs. The meeting was

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briefed on the operation which foiled the explosion planned by a terrorist group in Sabunju region on 30 July, and on measures aimed at reacting to and investigating the incident.

The situation arising from this incident was examined. The meeting reiterated the need to resolutely foil the criminal goals and acts of terror directed against Azerbaijan's statehood, Constitution, and president by the criminal terrorist forces.

The republic's president instructed the relevant organs to beef up the protection for vital installations, administrative buildings, and establishments. He asked the law enforcement organs to intensify the struggle against crimes and terrorism.

Interior Ministry: Bomb Intended for Aliyev

NC0208200195 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 2 Aug 95

[Statement by the Azerbaijani Interior Ministry press service—read by announcer]

[FBIS Translated Text] The successful domestic and foreign policy conducted by the Azerbaijani leadership and the consolidation of our independence has upset our enemies within and without. The prevention of successive coup attempts proves yet again that the helm of our statehood is in reliable hands. The people know the identity of the frenzied forces trying to create confusion by undermining the fragile stability of the country. Despite that, the overt and covert enemies who have failed to achieve their aims are not renouncing their evil objectives.

Following searches conducted on 30 July 1995 by the Sabunju regional police department in connection with information reaching the Interior Ministry, explosive devices were discovered under the bridge over the highway to Bina Airport in Baku's Sabunju region. They were to be used to blow up the bridge. Following a speedy operation, it was found that two specially prepared iron boxes were buried in two places under the bridge. More than 70 kg of explosive material, TNT sticks [Trotil shashkasi], remote-controlled devices, and [words indistinct] were found in each box.

It was ascertained during the preliminary investigation that the aim of the terrorists was to kill the republic's president, Geydar Aliyev, who was going to take this route. The amount of the explosive material discovered shows that the bridge and everything on it would have been totally destroyed and the explosion would have caused considerable material damage and human casualties in the surrounding area.

It was also found during the preliminary investigation that the organizers of the assassination attempt were members of the terrorist group dispatched to Azerbaijan by the mafia bosses Mahir Javadov and Elchin Emiraslanov — who have fled people's wrath and hidden — and their criminal accomplices who have fled Azerbaijan and now live in foreign countries.

The republic prosecutor general has instituted criminal proceedings in the case. Investigations and searches are continuing. Some of the members of this terrorist group have already been found and imprisoned.

The Azerbaijani Interior Ministry, together with the other law enforcement organs, will act in a timely and resolute manner to prevent all attempts to undermine stability in the republic.

Georgia

OSCE Envoy Discusses South Ossetia, Abkhazia

LD0208180995 Tbilisi CONTACT INFORMATION AGENCY in Russian 1600 GMT 2 Aug 95

[FBIS Translated Text] Tbilisi — The prime minister of the Republic of Georgia, Otar Patsatsia, on 1 August received the head of the OSCE mission in Georgia, Dieter Boden.

Boden spoke about the key trends in the activity of the mission which is currently working on the settlement of the conflict in Samachablo [South Ossetia], and is studying the possibilities for rendering humanitarian aid to the refugees from Abkhazia.

The head of the mission noted that Russia played a decisive role in the settlement of Abkhaz conflict and stressed that the Russian leadership must step up activities in this direction.

Shevardnadze Receives World Bank Official

LD0208180495 Tbilisi CONTACT INFORMATION AGENCY in Russian 1600 GMT 2 Aug 95

[FBIS Translated Text] Tbilisi — Georgian Head of State Eduard Shevardnadze has received Evelyn Herpkens [spelling as received], executive director of the World Bank.

The head of state briefed the guest on the current economic situation in Georgia and noted that the course of economic reforms that has been mapped out is being followed single-mindedly.

Evelyn Herpkens praised the positive developments in the republic's economy and expressed the hope that the economic situation will improve.

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Former Communist To Head Shevardnadze Fund

AU0208132695 Tbilisi ARGUMENT! in Georgian 26 Jul-1 Aug 95 p 1,2

[Report by Sandro Simonia: "Popkhadze Instead of Khabeishvili"]

[FBIS Translated Text] On 22 July, Georgian Head of State Eduard Shevardnadze submitted Nugzar Popkhadze's candidature for the post of chairman to the board of directors of the "Democracy and Revival" Fund. This statement was made during Shevardnadze's meeting with members of the board of directors. At that meeting, the head of state introduced the new chief to the fund's representatives. The new chairman began his duties on Monday 24 July, although, according to information that we possess, a serious meeting between Nugzar Popkhadze and members of the board of directors and the fund's representatives in general has not yet been held.

The uproar surrounding the murder of Soliko Khabeishvili [on 20 June in Tbilisi] has not yet died down, particularly as information has been leaked to the press regarding the possible murderer. At the same time, since the day of the murder, there has been much interest in Khabeishvili's future replacement as chairman of the board of directors of the "Democracy and Revival" Fund. In the corridors, people were mentioning just one possible candidate — Nugzar Popkhadze — and these rumors were confirmed on Saturday 22 July.

Many think it an irony of fate that Popkhadze has replaced Khabeishvili. According to many of his contemporaries, during the period of confrontation between Khabeishvili and Patiashvili [former Georgian Communist Party Central Committee first secretary], Popkhadze was in the Patiashvili camp. At any rate, he certainly did not stand alongside Khabeishvili. At the same time, Popkhadze had fairly close relations with the security chief, Inauri, who played a decisive role in Khabeishvili's "fall."

Regarding Popkhadze's relations with Shevardnadze, following Shevardnadze's appointment as [Soviet] foreign minister, they were no longer as pleasant as they had been up to then.

According to the same sources, the extremely negative relations that existed when Popkhadze began his activities in Moscow subsequently improved.

Nugzar Akakis dze [son of Akaki] Popkhadze was born in 1942. He graduated from the faculty of journalism at Tbilisi State University.

Between 1966 and 1968, he was active in the Komsomol [All-Union Leninist Communist Youth League]. Between 1968 and 1969, he was senior editor at Georgian Radio and Television; from 1969, he was already department head and subsequently became secretary of the Georgian Komsomol Central Committee. Between 1974 and 1979, he was Georgian Communist Party Central Committee sector chief, deputy Georgian education minister, and Georgian Communist Party Central Committee department deputy head. Between 1969 [date as published] and 1986, he was chairman of the Georgian Television and Radio State Committee. From 1986 until 1988, he was head of the Georgian Communist Party Central Committee Agitation and Propaganda Department and was Georgian Communist Party Central Committee secretary from 1988 until 1989.

Following the tragedy of 9 April [1989, when 21 Georgians were killed during the forceful dispersion by Russian soldiers of a peaceful protest rally], public opinion accused him of being one of the main culprits and, as a result, Popkhadze continued his activities in Moscow where he was engaged in business (principally the media business); it was precisely his name that was associated with the creation of the fairly popular television Channel Six that cooperated with CNN. For a certain period of time, Popkhadze and his team mates (among whom the famous television journalist Eduard Sagalayev, former chairman of the USSR Television and Radio Committee and currently chairman of the Confederation of Journalists, occupied one of the select positions) owned one of the leading radio popular music stations "Radio 101."

Popkhadze first tried to return to his homeland and to resume his political life there at the time of the elections that were held on 11 October 1992. However, according to some, he also played a fairly active role in current political processes in Georgia from Moscow. This view was particularly popular in the ex-president's political camp. During the October elections, Popkhadze was named in the Acharian regional list for the "Mshvidoba" [Peace] bloc that supported Shevardnadze and was described as reactionary by society and a section of political forces. However, he changed his mind at the last moment and withdrew his candidature.

Nevertheless, in the fall of 1992, Popkhadze fulfilled his goal and returned to Georgia. In a short period of time, he published the newspaper SAMSHOBLO-PORTE and became its editor-in-chief. According to unverified information, Popkhadze turned down a number of important posts in executive power that had been personally offered to him by the head of state.

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On 22 July, during the meeting of the fund's board of directors, the head of state referred to Popkhadze as an experienced person with extensive international contacts. It is significant that, during his activities in Moscow, Popkhadze did indeed have fairly intensive international contacts.

In political circles, they are not shying away from making fairly serious forecasts: Popkhadze's support, along with the political propaganda appearing on the pages of his newspaper, can be viewed as signalling the end of a certain confrontation existing between himself and Shevardnadze. As a result, Nugzar Popkhadze has become one of the key political figures in the head of state's entourage.

Popkhadze will assume the function of a secret [chrdilovani] mediator with Western businessmen, which, according to some, was fulfilled by Khabeishvili, and also the role of a preelection manager and coordinator, which was to have been assigned to the same Khabeishvili.

In the view of some of the fund's representatives, with the arrival of Popkhadze, it is expected that the activities of Shevardnadze's fund will become palpably more political in the near future, which, of course, is conditioned by the forthcoming elections.

Ioseliani: 'We Will Not Permit Dictatorship'

AU0308082895 Tbilisi THE GEORGIAN TIMES in Georgian 26 Jul-2 Aug 95 p 1

[Interview with Jaba Ioseliani, founder of the "Mkhedrioni" paramilitary group and political organization and "Archevnebi" (Elections) society, by Maka Pavlenishvili; place and date not given: "What Kind of Wife Is a Grenade?"]

[FBIS Translated Text] [Pavlenishvili] Has the "Mkhedrioni" fulfilled the function that you initially intended it to have?

[Ioseliani] Of course, but it still has many things to do. The "Mkhedrioni" made the country aware of how one should sacrifice oneself. Our ranks have been depleted by more than 700 men; they have sacrificed for their homeland the most valuable thing that man possesses — life. This is already something exemplary, and I believe that the lads will be just as selfless when they engage in other activities.

[Pavlenishvili] What led to the transformation of the "Mkhedrioni" into a political organization?

[Ioseliani] We had a different plan for the "Mkhedrioni." They should have become military leaders or, as they say now, officers and, as Georgia did not have a regular army, it should have fulfilled this function when the need would have arisen. This is how it is, for example, in Switzerland: Everyone has his own weapon and, in the event of an emergency, each person knows his place. During peacetime, the "Mkhedrioni" should have functioned as a rescue service and it was possible for it to have been included in the Security Service as well and to have fulfilled the functions of a police force. This would have been economical for Georgia, and, at the same time, it would have been based on Georgian traditions; however, everything in our society — the administration, bureaucracy — has been created according to the Russian way, and so we have been unable to form ourselves into the type of organization that we had originally planned. We were subsequently transformed into the Rescue Corps, but, on account of the same bureaucracy and rotten Communists, these functions were taken away from us — they said that we did not need our weapons, and so we surrendered them as well. However, we have taken an oath to fight for democracy and freedom, and we will not permit dictatorship. Weapons have already been used in one battle, and we do not want a repetition of this unpleasant fact, although there continue to be provocations. We want to fight for our homeland using political means, and we have the greatest moral right to do so — our numbers have been reduced by half, we have suffered so much, 2,000 of our men have become invalids, and now some others should come and decide the fate of our country and force us to remain on the sidelines — no way! Particularly as all those members of our organization died for Georgia's territorial integrity. So, we also want to take part in the formation of a democratic and unified state.

[Pavlenishvili] There are, so to speak, "good" and "bad" in almost every organization. A large part of the "Mkhedrioni" is made up of criminals....

[Ioseliani] If we were given the right and the means to investigate the activities of the Ministry of Internal Affairs and the Procurator's Office, we would arrest all of them on charges of murder, bribery, corruption, and extortion. Compared with them, "ours" are angels, but the whole lot of them have attacked us, some of them legally, others illegally. However, this is a temporary thing. The truth will triumph. We will be the first to support strict punishment for anyone among us who does something wrong, but there should not be any provocations. For example, recently in Samtredia, they put a grenade in the bed of a "Mkhedrioni" member; they did it so quickly without even thinking why he should have had a grenade in bed with him — was this his wife or what? After all, it could have exploded. These are the kind of provocations to which they are

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resorting. I advise them to think a little more or else things could end badly for them.

[Pavlenishvili] What can you say about the campaign that is being waged against you? It seemed that, previously, people who had a grudge against the "Mkhedrioni" were fighting against you, but now, however, it is clear that pressure is being applied from above.

[Ioseliani] Of course, many were sent to fight against us in the past and many are being sent now. Therefore, there are frequent provocations. I repeat that all criminals should be punished; it is no surprise that they exist in such big organizations. If you step inside the conservatory, you will come across one or two murderers, although they are holding "violins" instead of guns. Our lot are angels compared with others. These lads have laid down their lives; Christ did not do more and yet he is God. During the coup in the [Moscow] White House, all those who were defending democracy were recognized as heroes. We, however, have been dying and fighting for three years now, and what of it? Such an ungrateful nation will perish. People are accustomed to slavery and have no wish to throw off this yoke.

[Pavlenishvili] What can you say about the serial killings?

[Ioseliani] The Security Service and the police have more than 500 cases that remain unsolved. What can I say when the interior minister [Shota Kviraia] himself has killed six people. This happened in Shevardnadze's presence. I was also there. What can such a person do? Which case can he solve? What more can one say when we have a minister who is a murderer.

[Pavlenishvili] How would you assess the activities of the security minister [Igor Giorgadze]?

[Ioseliani] He's a professional. He put the Security Service that had been virtually destroyed back on its feet. He's a reserved guy and knows his job well, particularly against the background of our cadres.

[Pavlenishvili] What kind of relations do you have with Aslan Abashidze [Acharian Supreme Council chairman]?

[Ioseliani] He's a fairly flexible politician and a clever man. He sometimes lets himself be taken in by gossip but this is created by those around him. When he himself gets to the bottom of it, he realizes it is not like this. He has shown wisdom and played a big role in preventing an escalation of the civil war in Georgia. If not for him, everything could have turned out quite differently.

[Pavlenishvili] How would you assess Shevardnadze's regional policy?

[Ioseliani] It cannot be called "good" or "bad." Shah Abbas, Jamal-al-Din, Tamerlane, and the hordes of Genghis Khan altogether did not do what Shevardnadze is planning to do — he is dividing up and splitting Georgia. This is enmity toward one's homeland. To put a halt to all sorts of crimes, we need the police and not the fragmentation of Georgia, a good police chief and not a regional governor.

[Pavlenishvili] There are thousands of rumors concerning your friendship with Batoni [Georgian polite form of address] Eduard....

[Ioseliani] What friendship? I simply maintain relations with him in his capacity as the head of state and as a person who should bring good to Georgia. I have told him not to think of me as his personal friend; I am loyal to what needs to be done and to Georgia. Our friendship is only based on business. When I learned that he was moving toward dictatorship and dividing up Georgia, I immediately opposed him; not a single person, not even if he is my father or my son, has the right to do this.

[Pavlenishvili] What can you say about the future elections?

[Ioseliani] It is very difficult to say something; there is such unlawfulness that it is possible the elections will not take place.

[Pavlenishvili] In your view, which organization has the best chance of victory in the elections?

[Ioseliani] The "Archevnebi" society that is built upon democratic principles. In my view, this will be the party of the future.

[Pavlenishvili] What can you say about the presidential elections?

[Ioseliani] The presidential elections should not and will not take place. However, if they do happen to be held, there will be violence. We have already had a taste of this and we have not, in general, reached that level that merits our having a president. Such a president outlined in the draft constitution submitted by Shevardnadze is the very image of the shah.

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Estonia

Meri Backs Clinton on Russian Role in European Security

LD0308105095 Moscow INTERFAX in English 0922 GMT 3 Aug 95

[FBIS Transcribed Text] TALLINN, Aug 3 (INTERFAX) — President Lennart Meri, of Estonia, has come out in support of the US President Bill Clinton's idea of Russia's role in devising a system of European security.

President Clinton in his message to the Estonian leader several days ago said that all Euro-Atlantic countries are interested in the participation of democratic Russia in devising a European system of security and in its equitable partnership in maintaining overall security.

As he received credentials from the new US Ambassador Lawrence Taylor on Wednesday, President Meri said that Estonia last year did a great deal to foster cooperation with Russia, which in the 30 years to come would be forming itself as a democratic state.

President Meri thanked the United States for giving refuge to many Estonians during World War II and for regarding Estonia in Soviet years as a state occupied by the USSR.

President Meri said that Estonia was working on a defence concept that would lay down the constitutional and legal principles, objectives and structure of the armed forces and the responsibility of officials for violating it.

He noted the importance of further cooperation with the United States in various fields, including the economy and security.

In turn Ambassador Taylor said that he saw his chief mission in Estonia as the promotion of democratic processes.

Press Service Views Clinton Letter

WS0208133995 Tallinn ETA in English 1902 GMT 1 Aug 95

["News Release"]

[FBIS Transcribed Text] U.S. President Bill Clinton, in his letter to Estonian President Lennart Meri, expresses support to Estonia's aspirations for a reliable security system in Europe, Estonian president's press service told ETA on Tuesday [1 August].

President's press service said that President Clinton expresses in his letter agreement with the standpoint of his Estonian colleague that security in Central and Eastern Europe is important for the feeling of security in the whole of Europe. The new democratic states of Europe should not become a "grey zone". That is why President Clinton supports Estonia's aspirations to create a reliable security system in Europe.

Acceptance of new members to NATO, carrying out the Partnership for Peace Programme and other steps on political cooperation are a part of this. Enlargement of NATO is becoming a continuous and irreversible process. The acceptance of new members is certainly a serious step and those decisions will be carefully weighted, while the decisive word still belongs to NATO. New dividing of Europe is not in the interests of the USA or Estonia which is why the aim is wide cooperation in the interests of security and stability, president's press service, reviewing the letter, said.

Parties Protest Government's Legislative Strategy

WS0208145195 Tallinn BNS in English 1509 GMT 1 Aug 95

[FBIS Transcribed Text] Tallinn, Aug 1, BNS — Opposition parties in Estonia say the government's steps aimed at pushing through new legislation at this week's extraordinary session of the parliament are in contradiction with the principles of parliamentary democracy.

The opposition says bills have been put to the two-day extraordinary session which the MPs have not had time to get properly acquainted with.

They say this means that instead of being the body which makes the legislation, the parliament is just giving its formal approval to new laws.

The opposition MPs were referring to plans to adopt during the two days a bill of amendments to the law on citizenship and a supplementary budget bill.

"Discussing a law on the same day that it is sent to the parliament is unprecedented," MPs from the opposition Reform Party, Moderate, Pro Patria, and National Independence Party factions, as well as of the Party of Republicans and Conservatives, told BNS.

They said such a haste would make it impossible for legislators to go deep enough into the details of the bills.

"The law on citizenship is one of the most fundamental laws, the supplementary budget most directly touches the interests of all taxpayers," the MPs said in a statement. They added that a forced adoption of the laws would contradict the principles of a democratic country and violate the constitutional rights of the people of Estonia.

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Latvia

Participation in Croatia Peace Mission Proposed

WS0208145095 Tallinn BNS in English 1509 GMT 1 Aug 95

[FBIS Transcribed Text] Riga, Aug 1, BNS — The Latvian Saeima's (parliament) Defense and Interior Affairs Committee plans to propose the Saeima to support the bill on Latvian National Armed Forces (NAF) peacekeeping unit's participation in the peace mission in Croatia, committee Chairman Andris Ligotnis told reporters on Tuesday [1 August].

Under the bill, the NAF unit will be included in a Danish Peacekeeping Battalion for taking part in an international peacekeeping operation in Croatia from August of 1995 till February of 1996.

Ligotnis and NAF Acting Commander Juris Eihmanis stressed that participation of NAF soldiers in the peacekeeping operation is a political question. They said that Latvia will not be able to protect its independence alone therefore the Baltic state must give its contribution to strengthening the security of Europe.

Funding for the NAF unit's stay in Croatia will be initially ensured from the Latvian state budget, and these expenses will be covered by the U.N. after the unit returns from the mission. In addition, the soldiers will gain also military experience.

Parties Running For National Elections Listed

WS0208144795 Riga LETA in English 1001 GMT 2 Aug 95

[FBIS Transcribed Text] Riga, August 2, LETA — Tuesday, August 1, was the last day for submitting lists of candidates for the national elections this October, and before closing the Central Election Commission registered the candidates of four more parties.

From July 12 to August 1, nineteen parties or political coalitions registered their lists of candidates with the Central Election Commission. The contenders for the 100 seats in the House are the LC Party, the conservative LNNK-Green coalition, the nationalist TB Party, the LZS-Christian Democrat-Latgale Democratic coalition, the Latvian National Front Party, the national socialist coalition, the Democratic Party SAIMNIEKS, and numerous smaller political groups. All contenders have submitted lists of candidates for all five electoral regions of Latvia.

Altogether 1044 candidates will stand for election, sixty-six are members of the present House. The law requires that the Central Election Commission investigate each candidate to make sure that he or she has not been a member of a foreign intelligence service.

Lithuania

Foreign Minister Meets Bulgarian Delegation

WS0108140695 Tallinn BNS in English 1600 GMT 31 Jul 95

[FBIS Transcribed Text] Vilnius, Jul 31, BNS — A Bulgarian Foreign Ministry delegation, headed by Deputy Foreign Minister Ivan Hristov, arrived in Lithuania on Sunday [30 July] for a three-day working visit.

On Monday, the Bulgarian officials met with Lithuanian Foreign Minister Povilas Gylys, Deputy Foreign Minister Rimantas Sidlauskas and the head of the Foreign Ministry's Economics Department, Audrius Navikas.

Discussions focused on possibilities of expanding cooperation between Lithuania and Bulgaria, the Foreign Ministry's press service reported.

Draft agreements on friendship and cooperation and legal assistance in civil cases were presented by the Bulgarian side, it said.

Officials also coordinated the texts of accords on economic and technical cooperation, investment protection and promotion.

The Bulgarian delegation extended an invitation for President Algirdas Brazauskas and Minister Gylys to visit Bulgaria.

On Tuesday, the Bulgarian officials are to meet with Deputy Transportation Minister Rimvydas Gradauskas to discuss bilateral air and sea transport agreements.

Linkevicius Confirms Safety of Troops in Croatia

LD0208132895 Vilnius Radio Vilnius Network in Lithuanian 1100 GMT 2 Aug 95

[FBIS Translated Excerpt] Despite the serious confrontation between the Serbs and Croats, the Lithuanian peacekeepers stationed in Croatia are not subject to direct danger, Lithuanian Defense Minister Linas Linkevicius said today.

Thirty-two Lithuanian servicemen, who are a part of the UN peacekeeping force, are located in the village of Sunja on the territory of the self-proclaimed Serb Krajina, 80 km northeast of Bihac and approximately 200 km from the zone of intensive fighting between the Serbs and Croats.

The Croatian Government troops are currently increasing their military presence on the border with Serb Krajina, not far from the location where the Lithuanian ser-

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vicemen are stationed, Linkevicius said today at a briefing [held at the Ministry of Defense], referring to the latest information submitted by the Lithuanian peacekeepers. The minister said that such actions may signify an intention by the Croats to break the Serbian defense line or just move Serbian troops away from Bihac. In any case, there is no serious danger to Lithuanians, because the peacekeepers are not targeted by the attacking sides and are not taking part in combat activities, except when they are forced to defend themselves, Minister Linkevicius said.

Apart from that, in this particular case the attacking party are the Croatians, whose combat ethics are different from that of the Serbs, the minister added.

According to Linkevicius, the state of health, the discipline, and the combat readiness of all Lithuanian peacekeepers are good, the Baltic News Service reported.

The second detachment of the Lithuanian peacekeepers, presently stationed in Croatia, is headed by Lieutenant Marius Kazlauskas. This detachment will conclude its six months mission, carried out together with the Danish peacekeeping battalion on 19 August. It will be replaced by the third detachment of 33 peacekeepers, who are currently being trained in Denmark. [passage omitted]

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